

RIO TINTO

REMUNERATION COMMITTEE (the “Committee”)

TERMS OF REFERENCE

Adopted by the Board of Rio Tinto plc and Rio Tinto Limited on 1 August 2017

1. Purpose

The objective of the Committee is to assist the Board to fulfil its oversight responsibility to shareholders to ensure that remuneration policy and practices reward fairly and responsibly with a clear link to corporate and individual performance, and having regard to legal requirements and sound corporate governance.

2. Scope

The Committee shall focus primarily on:

- a) Remuneration policies, including long and short term incentives;
- b) The Group’s policies regarding pension and superannuation arrangements and other benefits; and
- c) The engagement and independence of external remuneration advisers.

3. Membership

- 3.1. The Committee shall comprise three or more independent non-executive directors.
- 3.2. The Committee Chair shall be an independent director appointed by the Board. In the Committee Chair’s temporary absence, one of the other Committee members, either nominated by the Committee Chair or elected by the Committee, will act as Committee Chair.
- 3.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 3.4. The Chair of the Board may be a member of, but not chair, the Committee if he or she was considered independent upon appointment.
- 3.5. Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee and in consultation with the Committee Chair.
- 3.6. Appointments to the Committee shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the chairman of the Board, if he or she is a member of the Committee) continue to be independent.

- 3.7. Non-executive directors should have sufficient skill and experience to manage the remuneration setting process and should generally serve on the Committee for at least a year before being appointed as Committee Chair.

4. Secretary

The Group Company Secretary, or a nominee, shall be the secretary of the Committee.

5. Quorum

- 5.1. A quorum of the Committee shall comprise any two Committee members.
- 5.2. Members of the Committee may attend in person or participate by other means, including teleconference or video conference.

6. Meetings

The Committee shall meet not less than four times a year and at other such times as any member, or the secretary of the Committee, shall require.

7. Notice of Meetings

- 7.1. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair.
- 7.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee. Supporting papers shall (where appropriate) be sent to Committee members and to other attendees, as appropriate, at the same time, unless the Committee Chair (acting upon the advice of the Group Company Secretary), determines that it would be inappropriate for any one or more individuals to receive them.

8. Reporting procedures

- 8.1. The Committee Chair shall report to the Board after each meeting on the matters discussed and the minutes of each Committee meeting shall be received by the full Board (as appropriate).
- 8.2. The Committee will report to the Board on its work in discharging its responsibilities during the year and the outcomes of its formal evaluation and provide a summary report on these matters for inclusion in the Group's Remuneration report.
- 8.3. The Committee Chair (or another Committee member nominated by the Committee Chair) will attend the annual general meetings of the companies to respond to any shareholder questions on the Committee's activities or the Remuneration report.

9. Delegation

- 9.1. The Committee has the delegated authority of the Board in respect of the functions and powers in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.
- 9.2. Where appropriate to ensure the ongoing operating efficiency of the Committee, the Committee may delegate responsibility to the Committee Chair to execute decisions on its behalf. In these instances, the Committee Chair would, where appropriate, solicit the views of fellow Committee members.

10. Resources

- 10.1. The Committee shall have full authority and resources to investigate all matters falling within its Terms of Reference and, accordingly, the Committee may:
- a) obtain, at the Group's expense, any external independent professional or expert advice, as it considers necessary in connection with its purpose and, if required, secure the attendance of such advisors at its meetings;
 - b) have such direct access to the Group's resources as it may reasonably require, including access to Management; and
 - c) oversee the provision of an induction programme following the appointment of members and determine the ongoing training and development of members, taking into account individual requirements.

11. Review and evaluation

The Committee will undertake a formal annual review of its effectiveness, including the role and responsibilities of the Committee, its organisation and effectiveness. This shall include a review of these Terms of Reference.

Appendix - Committee responsibilities

1. Determine the policies and remuneration framework for the Chief Executive Officer, Chief Financial Officer and other members of the Executive Committee (“senior executives”) to ensure that the framework and policies incentivise the delivery of long term benefit to the Group with due regard to the cost for the Company.
2. In determining such remuneration framework and policies, take into account all factors which it deems necessary, including relevant legal and regulatory requirements.
3. Determines the policy and remuneration framework for the Chairman. For the avoidance of doubt, the remuneration of non-executive directors is determined by the Board.
4. Ensure that provisions regarding disclosure of information are fulfilled and produce a Remuneration Report for Rio Tinto plc and Rio Tinto Limited to be included in line with local law, regulations and, where appropriate, guidelines, in the relevant jurisdictions and ensure that it is put to shareholders for approval at the annual general meetings.
5. Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors (and senior executives) of listed companies and formation and operation of share schemes including but not limited to the provision of the local law, regulations and, where appropriate, guidelines, within the relevant jurisdictions, as well as guidelines published by the significant investor bodies and shareholder groups as appropriate.
6. Review and approve the terms of service upon appointment and any subsequent changes, including the total individual remuneration package, for:
 - (a) the Chairman;
 - (b) each senior executive; and
 - (c) any other employee if, in the opinion of the Chief Executive, it is appropriate.

No individual should be directly involved or is present in any discussions in setting their own remuneration.

7. Review the on-going appropriateness and relevance of the Remuneration Policy.
8. Review and approve the policy for, and scope of, the pension and superannuation arrangements for senior executives.
9. Ensure employment conditions in the Group generally and Management’s approach to developing future leaders are taken into consideration in determining the remuneration policies and levels for senior executives.
10. Determine contractual notice periods and termination commitments and approve any retention and termination arrangements for senior executives and any other employee if, in the opinion of the Chief Executive, it is appropriate (the Committee having delegated authority for the provision of ‘good leaver’ status for other employees to the Chief Executive with power to sub-delegate).

11. Ensure that contractual terms on termination, and any consequent payments made to senior executives are fair to the individual and the Group and consistent with the remuneration policy.
12. Approve the use of short and long term incentive plans for senior executives.
13. Oversee the operation of the Group's short and long term incentive plans as they relate to the senior executives, including the review and approval of awards, setting of performance criteria, where applicable, and approval of any vesting, recovery or withholding of awards, as appropriate.
14. Review and approve the rules, and where appropriate awards (and exercise of malus and claw-back) under the Group's long term incentive plans.
15. Review reports from Management on major changes in benefits for the all-employee population.
16. Annually review a report from Management regarding compliance with standards on employment policies, including remuneration by gender.
17. Agree the policy for authorising claims for expenses from the Directors.
18. Keep abreast of external remuneration trends and market conditions, including receiving an annual presentation from its external remuneration advisers.
19. Through the chair of the Committee and/or Chair of the Board, ensure that the Group maintains contact as required with its principal shareholders about remuneration.
20. Ensure any payments to Directors are within the shareholder approved Remuneration Policy, or have prior approval by shareholders, before any payment is made.
21. Exercise any discretion or judgement on remuneration issues in accordance with the Remuneration Policy.
22. Establish the criteria for the selection and appointment of, the remit for, and compensation of any remuneration advisers to the Committee, and ensure that such engagement and any provision of advice is directly with the Committee and independent of Management in accordance with any laws and governance requirements as applicable from time to time.

Approvals History

Date	Version	Approved By	Details
10/02/2015	1.0	The Board of Directors	
01/08/2017	2.0	The Board of Directors	Inclusion of substantive changes agreed by the Remuneration Committee on 6 February 2017 and format change for consistency across all Committee Terms of Reference