

# RIO TINTO

## SUSTAINABILITY COMMITTEE (the “Committee”)

### TERMS OF REFERENCE

Adopted by the Board of Rio Tinto plc and Rio Tinto Limited on 26 February 2019

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#### 1. Purpose

The objective of the Committee is to oversee, on behalf of the Board, the effectiveness of management controls designed to manage risks associated with health, safety, the security of our people and our assets, environment, socio-economic development and socio-political issues (together “**sustainable development**”); and to monitor compliance with these responsibilities and commitments.

In recognising that the work the Group does has the potential to affect people, communities and the environment in both positive and negative ways, Rio Tinto’s focus on sustainable development is intended to minimise the Group’s negative impacts, and to benefit our shareholders, joint venture partners, neighbouring communities, suppliers, customers, employees, governments and society.

#### 2. Scope

The Committee shall have oversight of sustainable development responsibilities in the following areas:

- a) Safety;
- b) People and Assets Security, including business resilience (excluding Cyber Security);
- c) Health;
- d) Environment (including water management);
- e) Climate change;
- f) Land access in respect of achieving widespread societal support of projects, including in respect of closure and legacy management;
- g) Socio-economic development (including relationships with and resettlement of communities, human rights of communities, employees, and contractors, and sustainable development issues as they relate to suppliers and supply chains); and
- h) Socio-political issues.

#### 3. Membership

- 3.1. The Committee shall comprise three or more independent non-executive directors who shall be appointed by the Board on the recommendation of the Nominations

Committee in consultation with the Committee Chair. At least one member of the Committee must have relevant skills, experience or qualifications, as determined by the Board, in sustainability related matters.

- 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. The Chair of the Board may be a member, but not Chair, of the Committee.
- 3.3. Appointment to the Committee shall be for a period of three years, which may be extended for further periods of three year at a time provided the director still meets the criteria for membership of the Committee.
- 3.4. 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.

#### **4. Secretary**

- 4.1. 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 annual evaluation. .
- 8.3. The Committee will review and approve a summary report prepared by management each year describing the Committee's work during that year and an annual plan for the upcoming year's activities, for inclusion in the Group's annual report.
- 8.4. 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.

## **9. Delegation**

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 its members, taking into account individual requirements.

## **11. Review and Evaluation**

The Committee will undertake an annual formal 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. Group Policies**

Review Group policies relevant to the Committee scope.

### **2. Management Processes and Monitoring**

- 2.1. Oversee management processes designed to ensure compliance with the policies that fall within the Committee's scope including:
  - a. alignment of sustainability policies with laws and regulations; and
  - b. compliance with Rio Tinto's annual targets outlined in the Sustainable development report and environmental regulations, including in relation to greenhouse gas emissions.
- 2.2. Assess the adequacy of the Group's sustainable development framework.
- 2.3. Monitor the demonstration of management commitment to the behaviours required by the policies and standards within its scope.
- 2.4. Monitor the appropriate allocation of resources is applied to achieving compliance with the policies and standards within the Committee's scope.
- 2.5. Receive reports from management on the implementation, operation and assurance of policies and standards within the Committee's scope.

### **3. Resourcing and Governance Models**

- 3.1. Approve the appointment and, if necessary, dismissal of the Group Executive Health, Safety & Environment.
- 3.2. Approve the sustainable development governance model.

### **4. Risk Management**

- 4.1. Advise the Board on the company's risk appetite, tolerance and strategy with respect to sustainable development risks.
- 4.2. Ensure potentially catastrophic sustainability related risks are appropriately captured and considered in the group risk profile.
- 4.3. Review at least annually periodic reports from management:
  - a. identifying the Group's material business risks within the Committee's scope; and
  - b. setting out risk management strategies, controls and assurance applied to these risks.

### **5. Incident Reporting and the Whistleblowing Programme**

- 5.1. Receive from Management:
  - a. timely reports on fatalities and serious incidents within the Group; and

- b. summaries of sustainable development incidents, recommendations for improvement, and periodic reports upon the implementation of such recommendations.
- 5.2. Ensure proportionate and independent investigation of matters within the Committee's scope reported under the Group's whistleblowing programme, and report to the Board any material concerns raised under the Group's whistleblowing programme.

## **6. Target Setting**

- 6.1. Review annually the sustainability targets and metrics against which Rio Tinto's sustainability performance can be evaluated.
- 6.2. Review annually reports on Rio Tinto's performance against those targets.
- 6.3. Review suitability of, and make recommendations to the Remuneration Committee in relation to, metrics for the safety component of the short term incentive plans for the executive team.
- 6.4. Annually assess, and make recommendations to the Remuneration Committee in relation to, the safety performance of the executive team as against the applicable metrics for the safety component of the short term incentive plans.

## **7. Audit and Assurance**

- 7.1. Review and approve the proposed annual plan for independent audit and assurance projects relevant to the Committee's scope.
- 7.2. Review independent audits and assurance reports of how policies and standards relevant to the Committee's scope are being implemented and what results are being achieved.
- 7.3. Approve the appointment, reappointment or removal of auditors to provide an independent limited assurance report over the Sustainable development section of the annual report.

## **8. Reporting and External Disclosures**

Assess, review and recommend to the Board for approval both the Sustainable Development section of the annual report and other public documents related to Rio Tinto's reporting on sustainable development matters.

### Approvals History

<b>Date</b>	<b>Version</b>	<b>Approved By</b>	<b>Details</b>
06/02/2017	1.0	Sustainability Committee	Annual review and changes agreed in accordance with minutes of 6 February 2017
01/08/2017	1.1	The Board of Directors	Format change for consistency across all Committee Terms of Reference
26/02/2019	1.2	The Board of Directors	Revisions to incorporate new 2018 UK Code