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**Antibribery
due diligence standards**

Rio Tinto

Contents

1	Introduction	3
1.1	Standards and guidance notes	3
1.2	Application	4
1.3	Questions and additional information	5
1.4	Management	5
1.5	Links	5
2	Definitions	6
3	Antibribery due diligence standards	7
3.1	Business must consult Legal and Compliance	7
3.2	Periodic reviews	7
3.3	Due diligence to be documented	7
3.4	Due diligence failure	7
3.5	No cash payments or payments to tax havens and similar countries	8
3.6	Success fee arrangements	8
3.7	Minority owned, non managed business	8
4	Guidance	9
4.1	Preparation of agency arrangements	9
4.2	Payments to agents	10
4.3	Warning signs	10
4.4	Audits	10
4.5	Tax havens and similar countries	10

1 Introduction

These standards supplement *The way we work and the Business integrity guidance*.

We often enter into partnerships, make acquisitions and use agents in the course of doing business.

Because we may be held responsible for illegal activities of our partners or agents, and the prior illegal activities of acquired companies, we need to ensure acquired companies have not committed illegal actions and partners and agents do not commit or attempt to commit any illegal actions on our behalf, including bribery. It is important to remember that Rio Tinto operates under laws which make illegal any form of bribery, including “facilitation” payments.

Before a contract is signed, we must commence the process of ensuring that our agents and partners do not make or attempt to make bribes and that our acquisition targets have not paid bribes. This process starts with an analysis of the bribery risk related to the proposed agent, partner or acquisition.

These standards are a key aspect of our fraud and corruption control plan.

1.1 Standards and guidance notes

The antibribery due diligence standards in section 3 are mandatory, while the guidance in section 4 is not. Similarly the guidance notes, published as a separate companion document to these standards, are not mandatory. The guidance notes assist in the implementation of the mandatory standards and the extent to which the specific suggestions contained in the guidance notes should be applied must be determined on a case by case basis through risk based analysis.

Defined terms are set out in section 2.

1.2 Application

All businesses and functions in the Rio Tinto Group must comply with these standards. Businesses in which a Rio Tinto Group company holds a minority interest should be aware of these standards and be requested to adopt substantially similar standards.

All employees and directors in the Rio Tinto Group must comply with these standards. Failure to comply may result in discipline up to and including termination.

These standards do apply to agents or partners who have existing arrangements with Rio Tinto which are terminable at will with or without notice. In respect of other contracts ie those with a set period of time, standard 3.2 applies.

Phase-in period

Phase-in period means the period ending on 31 December 2011 or such other date as determined by the executive committee.

Nominated countries mean those countries with a score of less than 7.0 on the most recent Transparency International (TI) corruption perceptions index. A list of some of the major countries in which we currently operate and which are not currently nominated countries is in the *Antibribery guidance notes* available on the Compliance community on the *Prospect* portal.

During the phase-in period, application of these standards will be limited to nominated countries. These standards will apply during that period to:

- agents and partners who will work in, or are from, nominated countries, and
- acquisition targets with current or past operations in nominated countries.

During the phase-in period, even though these standards may not be applicable, business units should always complete a level of due diligence commensurate with known or reasonably ascertainable risks before any transaction. In particular, business units should apply standard 3.2 (appearance of warning signs) whenever and wherever applicable.

1 Introduction continued

1.3 Questions and additional information

These standards cannot cover all possible scenarios. If you have any questions, you should speak to your manager and/or contact Compliance or Legal – either your business unit lawyer or a hub lawyer. Contact details can be found on the Compliance community on the *Prospect* portal.

An Antibribery toolkit that can be used for antibribery due diligence, contract provisions and agent or business partner compliance certification is available on the Compliance community on the *Prospect* portal.

1.4 Management

Compliance is the custodian of these standards. Compliance will formally review these *Antibribery due diligence standards* at least once every two years.

1.5 Links

The Rio Tinto documents referred to in these standards may be located through the links to Group policies and standards and Business integrity in the Compliance community at <http://prospect.riotinto.org>. The Transparency International corruptions perceptions index may be located at <http://www.transparency.org>.

2 Definitions

In these standards:

Agent means anyone who is paid to represent the company and includes all consultants, contractors and advisers whose ability to represent Rio Tinto is established or implied by the terms of their arrangement with a **business unit**.

Business units includes all product groups, business units, global functions and corporate offices in the **Rio Tinto Group**.

Due diligence means the investigation and evaluation of a prospective **agent, partner** or company acquisition by way of background checks and research to assess its risk for bribery.

Partner means a joint venturer in an unincorporated or incorporated joint venture, significant shareholders in a company in which the **Rio Tinto Group**

invests, a company in which the **Rio Tinto Group** invests but does not control, and a partner in a limited or unlimited partnership or similar arrangement.

Rio Tinto Group means Rio Tinto plc, Rio Tinto Limited and any business which is directly or indirectly wholly or majority owned, or managed, by Rio Tinto plc or Rio Tinto Limited.

Warning signs means any evidence suggesting a potential **agent** or **partner** presents a material risk regarding bribery, or any evidence suggesting that a current **agent** or **partner** is not or may not be adhering to *The way we work* or the *Business integrity guidance*, or the business integrity aspects of its agreement with Rio Tinto.

3 Antibribery due diligence standards

3.1 Business must consult Legal and Compliance

- All business units must consult Legal or Compliance before:
 - hiring an agent;
 - entering into a partnership; or
 - acquiring a company.
- The business unit and Legal/Compliance must agree regarding:
 - whether or not to conduct due diligence;
 - the degree and manner of due diligence required; and
 - the form and substance of the antibribery certifications and contractual representations and warranties that may be required in, or in conjunction with, the proposed agency, partnership or acquisition agreement.
- If due diligence is required, it must be completed before:
 - (Partners and agents) - the contract with an agent or partner is signed or renewed;
 - (Agents) - the agent does any work;
 - (Partners) - the partnership undertakes any activities; or
 - (Acquisitions) - the company is acquired.

If the business unit and Legal/Compliance cannot agree on whether due diligence is required or the due diligence to be undertaken, then the matter must be referred for determination to the relevant product group chief executive or head of function and to the Group executive Legal and External Affairs or the global head of Compliance.

3.2 Periodic reviews

Business units, in consultation with Legal or Compliance, must assess the antibribery risk of all arrangements with an agent and partner:

- every two years; and
- whenever any warning sign appears.

3.3 Due diligence to be documented

A business unit conducting agent due diligence must, in consultation with Legal or Compliance, document the diligence using the register in the Antibribery eRoom (available through the Compliance community on the *Prospect* portal).

3.4 Due diligence failure

A business unit must not proceed to sign or renew arrangements with an agent or partner or to acquire an acquisition target, where a prospective agent, partner or acquisition target refuses to cooperate in due diligence, or where the results of due diligence raise concerns regarding the antibribery risk unless it receives the prior written approval of:

- the relevant product group chief executive or head of function; and
- the Group executive Legal and External Affairs or global head of Compliance.

3.5 No cash payments or payments to tax havens and similar countries

Without the prior written approval of the managing director (ie the most senior executive) of the relevant business unit and of Legal, a business unit must not pay any of the following under any arrangements relating to agents, partners or acquisition targets:

- payments to agents and partners in, or to accounts in, tax havens and similar countries with a reputation for money laundering;
- payments in cash;
- payments to third parties;
- payments in relation to unsubstantiated or extravagant travel, entertainment or other miscellaneous expenses.

3.6 Success fee arrangements

Any agreement involving the compensation of agents or partners on a "success fee" basis or any agreement engaging an agent or partner to obtain business or sales for Rio Tinto, must receive the prior written approval of the managing director (ie the most senior executive) of the relevant business unit.

3.7 Minority owned, non managed business

- Rio Tinto representatives to proposed arrangements such as joint ventures or strategic partnerships where Rio Tinto holds a minority interest and does not manage the business must - prior to commitment - review arrangements for the business in relation to antibribery compliance and Rio Tinto's rights to audit. These must be reviewed and approved by Legal.
- Rio Tinto representatives to Rio Tinto minority owned, non-managed businesses must:
 - use their reasonable best efforts to convince such businesses to comply with all applicable antibribery legislation and to establish controls substantially similar to these standards to prevent bribery;
 - be alert to warning signs which may arise in the conduct of the business. Any such warning signs must be reported to Legal and appropriate action taken; and
 - require (or where this right does not formally exist, request) that the majority partner, manager or entity provides written certification of antibribery compliance on an annual basis and as requested by Rio Tinto.

4 Guidance

For simplicity, these guidance notes refer to agents only, unless the context requires reference to partners and acquisition targets specifically. Substantially similar statements would apply to partners and acquisition targets.

More detailed guidance is set out in the *Antibribery guidance notes* on the Compliance community on the *Prospect* portal.

- Consult Legal if there is any question as to whether or not a contractor or consultant is an agent.
- Consultation with Legal should start with your business unit lawyer. If these resources are not available, or if additional assistance is required, consult with one of the lawyers identified on the antibribery page on the Compliance community on the *Prospect* portal.
- Section 2.3 in the *Antibribery guidance notes* sets out the key elements that should be considered in due diligence.

Due diligence requires time and should be completed before we sign a contract with a prospective agent or the prospective agent undertakes any work for Rio Tinto. Consequently, business units should start due diligence investigations well in advance of engaging an agent.

The business unit proposing to engage the agent will bear the costs of due diligence.

4.1 Preparation of agency arrangements

All arrangements with agents should be documented. Antibribery agreement template language is available in the Antibribery toolkit on the Compliance community on the *Prospect* portal.

New arrangements, agreements, agreement modifications, and agreement renewals with agents should be drafted or reviewed by Compliance or Legal - either your business unit lawyer or a hub lawyer based on input from the relevant business unit.

Business units should create adequate documentation, including any due diligence material, to support the selection of a particular agent.

4.2 Payments to agents

Payment to an agent should be by cheque payable to the agent or by wire transfer to a bank account in the name of the agent and in a major business location for the agent. In contracts with sales agents, allowing the agent to withhold its commission from proceeds collected is permissible provided the agent's contract has appropriate antibribery and audit provisions.

4.3 Warning signs

All warning signs should be monitored and investigated. Examples of warning signs are set out in the *Antibribery guidance notes* on the Compliance community on the *Prospect* portal.

4.4 Audits

Corporate Assurance will audit compliance with these standards.

4.5 Tax havens and similar countries

A non exhaustive list of tax havens and countries with a reputation for money laundering is set out in the *Antibribery guidance notes* on the Compliance community on the *Prospect* portal.

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