

# RIO TINTO

## Directors' Test of Independence

### 1. BACKGROUND

Corporate governance standards in the jurisdictions where Rio Tinto is listed require that a majority of directors are independent of the Group, and that all members of the Remuneration Committee and a majority of members of the Audit and Nominations Committee are similarly independent.

The boards of Rio Tinto have developed this policy in the light of corporate governance developments in Australia, the United Kingdom and the United States, including the criteria for independence established by the Australian Stock Exchange Corporate Governance Council, the UK Combined Code, the United States Sarbanes-Oxley Act and the Corporate Governance rules of the New York Stock Exchange.

### 2. INDEPENDENCE

The *Nominations committee* will assess whether directors are independent of management and any business or other relationship that could materially interfere with the exercise of objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interests of the Rio Tinto Group. Following that process, the *Nominations committee*, will make a recommendation to the Boards prior to their final determination of individual directors' independence. The Boards retain ultimate discretion in their judgment to determine if a Director is independent.

### 3. INFORMATION COLLECTED BY THE *NOMINATIONS COMMITTEE* TO ASSESS INDEPENDENCE

Generally, all facts and circumstances will be considered in determining the independence of a Director under the above test. It is not always possible to cover explicitly all factors which could indicate a conflict of interest, but a Director will normally be considered to be independent if he or she meets the criteria set out below. As stated above, the Boards reserve their discretion to consider a Director independent, even where the Director does not meet one or more of the criteria specified below. In those circumstances, the Boards will explain how they arrived at their conclusion.

Directors are under an obligation to update the Board with any new information in relation to interests or relationships relevant to independence. The Board assesses the independence of Directors annually and will re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

The criteria are:

1. that the Director is not a member of management or an employee of the Rio Tinto Group;
2. that the Director is not a substantial shareholder in any member of the Rio Tinto Group or associated, directly or indirectly, with a substantial shareholder in the Group. For the purpose of this policy "substantial shareholder" means the holder of more than 5% of the shares entitled to vote in an entity.

3. that neither the Director nor a close family member of the Director has, within the last 5 years, been employed in a senior position by a member of the Rio Tinto Group or been a Director of any company in the Rio Tinto Group after ceasing to be an employee. A “close family member” is deemed to include spouse, parents, children, siblings and in-laws, as well as anyone (other than the Director’s employees) who shares the Director’s home.
4. that the Director does not hold a cross-directorship or have any significant links with other Directors through involvement in other companies or bodies which cross-directorships or links would materially interfere with the Director’s objective, unfettered or independent judgement or ability to act in the best interests of the Rio Tinto Group;
5. the Director’s length of service on the Boards;
6. whether the Director, a close family member, as defined above, has received or receives additional remuneration from a member of the Group, directly or indirectly.
7. whether the Director has, or has had within the last three years, a material business relationship with the Group either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Group, including any fee other than in the capacity as a Director.
8. that the Director does not participate in any of the Group’s share based incentive plans or any Rio Tinto performance related pay arrangements;
9. that neither the Director nor a close family member of the Director has been affiliated with or is a principal or employee of an auditor or other material professional adviser or consultant to a member of the Rio Tinto Group within the last 3 years. Material is defined as that supplier or customer accounting for more than [2%] of Rio Tinto’s consolidated gross revenue per annum, or Rio Tinto accounts for more than [2%] of the supplier’s consolidated revenue, although the test of whether a relationship or business is material will also take into consideration the nature, circumstances and activities of the Director having regard to the guidelines above, both from the perspective of Rio Tinto and the Director;
10. that neither the Director nor a close family member of the Director is a material supplier or customer of the Rio Tinto Group or an officer, substantial shareholder or otherwise associated directly or indirectly with a material supplier or customer, nor has, within the last 3 years, been a director or senior executive of a material supplier or customer. A supplier or customer will be material if the customer accounts for more than [2%] of Rio Tinto’s consolidated gross revenue per annum, or Rio Tinto accounts for more than [2%] of the supplier consolidated revenue, although again the test of whether a relationship or business is material will also take into consideration the nature, circumstances and activities of the Director having regard to the guidelines above, both from the perspective of Rio Tinto and the Director;
11. that neither the Director nor any close family member of the Director has, within the last 3 years, been employed as a director or senior executive of another company in which a current Rio Tinto Director serves on the remuneration committee of the board.
12. that the Director does not have any other interest, relationship or association which could be perceived to materially interfere with the Director’s objective, unfettered or

independent judgment or ability to act in the best interest of the Rio Tinto Group.

13. that the Board determines that the Director is independent in character and judgement.

#### 4. DISCLOSURE

The following information is contained in the Rio Tinto Annual Report:

- (a) Independent and non-independent Directors are identified, with any relevant comments relating to independence.
- (b) A small biography including other appointments, experience, any material relationships and associations and date of appointment to the Boards for each Director.
- (c) Thresholds adopted by the Board to assist in the assessment and determination of independence.

If the Board's assessment of a Director's independence changes, that change will be disclosed immediately through a Stock Exchange announcement.

The Notice of the Annual General Meeting will specify whether Directors standing for election or re-election are independent.