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www.riotinto.com

Our statement of business practice

Rio Tinto

Rio Tinto is a leader in finding, mining and processing the earth's mineral resources. The Group's worldwide operations supply essential minerals and metals that help to meet global needs and contribute to improvements in living standards.

In order to deliver superior returns to shareholders over time, Rio Tinto takes a long term and responsible approach to the Group's business. We concentrate on the development of first class orebodies into large, long life and efficient operations, capable of sustaining competitive advantage through business cycles.

Major products include aluminium, copper, diamonds, energy products (coal and uranium), gold, industrial minerals (borates, titanium dioxide, salt and talc), and iron ore. The Group's activities span the world but are strongly represented in Australia and North America with significant businesses in South America, Asia, Europe and southern Africa.

Wherever Rio Tinto operates, the health and safety of our employees is our first priority. We seek to contribute to sustainable development. We work as closely as possible with our host countries and communities, respecting their laws and customs. We minimise adverse effects and strive to improve every aspect of our performance. We employ local people at all levels and ensure fair and equitable transfer of benefits and enhancement of opportunities.

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About *The way we work*

***The way we work*, Rio Tinto's statement of business practice, summarises the Group's principles and policies for all employees. It is designed to ensure that we all reflect in our daily work the high standards and values we share, key among which are accountability, fairness, integrity and openness.**

The policies in *The way we work* have been adopted by the Rio Tinto board after wide internal and external consultation. They are communicated to the Group's businesses, together with any guidance and support that may be necessary. Group businesses then put them into practice through local codes of conduct and report on their implementation.

Since the first edition of *The way we work* in 1997, expectations of corporate responsibilities have increased. Although our values and objectives are unchanged, our responses have evolved and been further developed and are reflected in this revised 2003 edition.

In preparing it, we have again received considerable internal input and helpful external comment for which we are grateful. We will continue to address issues as they emerge to ensure *The way we work* remains relevant.

The way we work applies to all Rio Tinto managed businesses and is supported by specific guidance documents, including on assurance mechanisms and compliance verification.

The Group businesses' codes of conduct are not comprehensive lists of "do's and don'ts", but set standards of good behaviour and procedures for breaches, with added responsibilities and incentives for managers who have a higher duty of care.

Rio Tinto expects business partners, such as associate companies or joint ventures where we do not have operating responsibility, as well as principal contractors, suppliers and others with whom we have a substantial involvement, to maintain high standards themselves. We inform them of Rio Tinto's principles and policies and work with them where appropriate to support their adoption of policies consistent with our own. Rio Tinto is prepared to withdraw from business relationships if any partners do not live up to our values.

Good business sense

Rio Tinto is in business to create value by finding and developing new, world class deposits and operating and eventually closing the Group's operations, safely, responsibly and efficiently. To do so, we take a disciplined and integrated approach to the economic, social and environmental aspects of all our activities.

We rigorously analyse investment opportunities and put sound management strategies in place to deliver lasting benefits and deal with any adverse effects. We find ways to lift all aspects of the Group's performance so that it stands out by setting or reflecting best practice and by contributing to the global transition to sustainable development.

We recognise and accommodate evolving expectations of international companies within the bounds of our values and business role. Rio Tinto's policies and practices are designed to recognise risks, avoid harm or damage to people or the natural environment and to develop effective relationships both within and outside the workplace.

Through them, the Group contributes to the well being of communities around our operations and provides the resources that society needs. This approach underpins the Group's business success.

Rio Tinto supports and develops Group wide standards. We adopt appropriate internal and independent reporting, verification and assurance mechanisms, in keeping with both global and local responsibilities. We welcome dialogue and engagement with those who share an interest in continually improving our performance through understanding and learning from each other.

We anticipate, participate in developing, and invest in innovative business approaches to align business behaviour with generally accepted principles of best international practice, including corporate governance.

Openness and accountability

We conduct the Group's affairs in an accountable and transparent manner, reflecting the interests of Rio Tinto shareholders, employees, host communities and customers as well as others affected by the Group's activities.

Transparency

Our commitment, both in principle and practice, is to maximum transparency consistent with good governance and commercial confidentiality.

Rio Tinto disseminates understandable information in a timely way on the Group's operational performance and financial condition. We verify its accuracy, internally and, as appropriate, independently. We avoid selective disclosure.

We give required information to relevant agencies in the jurisdictions where Group businesses operate and widely disseminate it where Rio Tinto shares are traded, through the media as well as directly, including on our own websites. We voluntarily give detailed social and environmental performance data in separate annual reviews. These cover the Group and each Group business, extending further the quality and quantity of publicly available data.

Published material can be accessed through Rio Tinto's external website, www.riotinto.com. Both this and the Group's intranet are linked to other websites maintained by Group businesses, offering easy access to a wealth of

additional, detailed information on local operations. Significant events, including financial results presentations and seminars on strategy and corporate social responsibility, are also available on Rio Tinto's internet website, as they happen and as an archive.

Rio Tinto seeks and welcomes constructive criticism. We use face to face and written communication and formal grievance procedures within our workplaces. We also have an additional independent and confidential means of communication and feedback for ideas or concerns about any aspect of Rio Tinto or about the behaviour of individuals, without fear of recrimination, through the Group's *Speak-OUT* system.

Business integrity

We undertake Rio Tinto's business with integrity, honesty and fairness at all times, building from a foundation of compliance with relevant local laws and regulations and international standards.

We support free and fair competition. We promote the rule of law and the Group's high standards wherever we are in the world. We have introduced a compliance programme that all Group businesses are required to put in place. This is based on a continuously developing system of training, monitoring and procedural checks and balances.

Bribery, in all its forms, is prohibited. We neither promise, offer nor accept bribes or anything which could be taken for one, either directly or indirectly.

We only make payments for legitimate business services and at a rate that reflects their market value. We work with business partners, representative agents and intermediaries after making them aware of Rio Tinto's policy and being satisfied that they will not make unauthorised payments indirectly on the Group's behalf.

We disclose any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest but strive to avoid them. Gifts and entertainment are only offered or accepted for conventional social and business purposes and then only at a level appropriate to local circumstances.

Corporate governance

Rio Tinto is committed to high standards of corporate governance, accountability and responsibility.

All shareholders in Rio Tinto Limited and Rio Tinto plc are in the same economic position as if they held shares in Rio Tinto as a single enterprise. They take decisions on matters affecting them all through a joint electoral procedure.

Rio Tinto's directors are common to both Rio Tinto companies. In accordance with best practice, the board comprises a mix of executives and non executives, providing a balance of innovative thinking

with business knowledge and experience.

All directors have full and timely access to information they require to discharge their duties and responsibilities fully and effectively. The directors have established board committees which are fundamental to good corporate governance, best practice and control: they are the *Nominations committee*, the *Audit committee*, the *Remuneration committee* and the *Committee on social and environmental accountability*.

Directors' interests in Rio Tinto are fully disclosed. Directors and designated employees are prohibited from short term speculative dealing in Rio Tinto shares and any dealing during 'close periods'. No one may disclose price sensitive information to others or deal in Rio Tinto shares themselves when in possession of it.

Internal controls and reporting procedures

We prepare reports and financial statements giving a true and fair view of our affairs.

Substance rather than form is a fundamental principle of Rio Tinto's reporting. We approach financial and non financial matters with similar rigour.

Our internal control system reviews financial, operational and compliance controls as well as risk management procedures. This is consistent with a responsible assessment and mitigation of risks to provide reasonable assurance

Openness and accountability continued

against material misstatement or loss.

Each year, the leaders of Group businesses complete a detailed questionnaire to confirm that Rio Tinto's internal controls are operating effectively throughout the Group.

We use the most appropriate accounting and reporting policies, consistently applied and supported by reasonable and prudent judgements. We prepare financial statements in accordance with generally accepted accounting principles.

Rio Tinto requires directors, senior management, financial managers and other staff who exercise judgement in preparing financial statements to conduct themselves with integrity and honesty and in accordance with the ethical standards of their profession or business.

Anyone who becomes aware of or suspects any violation of our obligations should, and is encouraged to, report the facts or their suspicions to senior management or to Rio Tinto's *Audit committee* as appropriate, directly or through Rio Tinto's *Speak-OUT* programme.

Corporate policies

The growing world population needs minerals and metals for sustainable development. We do our best to extract and supply them in ways that bring benefits to this and succeeding generations. We apply common values and standards wherever the Group operates, always seeking to respect the different laws, cultures, traditions, customs and employment practices in place.

We recognise that excellence in managing Rio Tinto's health, safety, environment and community responsibilities is essential. We also know that good working relations, internally and externally, are fundamental to the Group's continuing success. We strive to understand and interact constructively with local communities, governments and others in the public and private sectors, including non government organisations.

Rio Tinto's policies, which set the standards underlying our approach, follow in alphabetical order.

Communities

We set out to build enduring relationships with our neighbours that are characterised by mutual respect, active partnership, and long term commitment.

Good management of community relationships is as necessary to our business success as the management of our operations. Good performance requires all of us to accept responsibility for community relationships. We detail local arrangements in rolling *Five year communities plans* which all operations submit and update annually. The plans are set within the context of this policy and apply throughout the life cycles of the Group's activities.

Mutual respect depends on our understanding the issues that are important to our neighbours and on our neighbours understanding what is important to us. Wherever we operate, we do our best to accommodate the different cultures, lifestyles, heritage and preferences of our neighbours, particularly in areas where industrial development is little known. Our communities and environment work is closely coordinated and takes account of peoples' perceptions of the effects and consequences of our activities.

We promote active partnerships at international, national, regional, and local levels. They are based on mutual commitment, trust, and openness. Our relationships with communities involve

Corporate policies continued

consultation to open new facilities, to run existing ones and to close them at the end of their productive lives. In doing so, we support community based projects that can make a difference in a sustainable way without creating dependency. We also assist regional development and training, employment and small business opportunities. In developing countries, we are often asked to support health, education, and agricultural programmes and, in collaboration with others, we help where practical.

Employment

We require safe and effective working relationships at all levels around the Group. Whilst respecting different cultures, traditions and employment practices, we share common goals, in particular the elimination of workplace injuries, and are committed to good corporate values and ethical behaviour.

Rio Tinto employs on the basis of job requirements and does not discriminate on grounds of age, ethnic or social origin, gender, sexual orientation, politics or religion. We may make exceptions to favour local employment where local laws provide. The Group does not employ forced, bonded or child labour.

Being trained to work, and then working, in safe, healthy and environmentally responsible ways comes first and foremost. Beyond that, Rio Tinto believes in enabling employees to develop

to the extent of their abilities. We improve our skills and competencies by regular performance reviews, recognising potential, undertaking education, training and coaching as appropriate, and offering professional development opportunities within the Group.

Rio Tinto expects managers to be models of the highest standards of behaviour. We treat each other and those we deal with externally with dignity, fairness and respect. We guard against harassment in the workplace and neither abuse nor mis-use our positions or facilities for personal purposes. We respect our obligations to our colleagues and employer. We work together within and across businesses, cultures and countries to raise performance.

Group businesses' codes of conduct establish sound conditions of work and disciplinary procedures. The Group implements equitable and transparent remuneration and incentive systems. Rio Tinto recognises everyone's right to choose whether or not they wish to be represented collectively.

We live up to the letter and spirit of *The way we work* and our code of conduct.

Environment

Wherever possible we prevent, or otherwise minimise, mitigate and remediate, harmful effects of the Group's operations on the environment.

Excellence in environmental performance is

essential to our business success. Compliance with all environmental laws and regulations is the foundation on which we build our environmental performance. We support and encourage further action by helping to develop and implement internationally recognised management systems and voluntary commitments.

We similarly approach a comprehensive understanding of the full life cycle and safe use of our products to ensure all their benefits are delivered.

We develop Group wide standards and build systems to identify, assess and manage environmental risk. These apply at each stage of exploration, development, operation and closure, as well as in acquisition and divestment evaluations, to achieve continuous improvement in environmental performance. We also engage with host communities, governments, customers, suppliers and others to the same end.

We obtain assurance on the implementation of our environmental policy, both internally and externally, by regular audits, reviews and reports. Each Group business produces a separate social and environmental report for its local communities.

Human rights

We support human rights consistent with the Universal Declaration of Human Rights and Rio Tinto respects those rights in conducting the Group's operations throughout the world.

We seek to ensure that Rio Tinto's presence fosters sound relationships and avoids civil conflict wherever we are. Rio Tinto respects and supports the dignity, well being and rights of Group employees, our families and the communities in which we live, as well as others affected by the Group's operations.

Where those rights are threatened, we seek to have international standards upheld and to avoid situations that could be interpreted as condoning human rights abuses. We ensure that our equipment and facilities are not mis-used in violation of them.

The Group's procedures for using security personnel are based on human rights principles and include guidelines and restrictions on the use of force. These procedures are reinforced by training and applied to contract security personnel as well as to Group employees.

We look for opportunities to support positive efforts to promote broader understanding of human rights values, especially where they assist the Group's local communities. We seek dialogue with others aimed at a practical common effort to promote respect for human rights consistent with the role of business.

Corporate policies continued

Land access

We seek to secure the widest possible support for our proposals throughout the life cycle of the Group's activities by coordinating economic, technical, environmental and social factors in an integrated process.

We access and use land, rehabilitate unavoidable impacts and work with local communities to help with their needs in the most efficient and effective manner we can. In all cases, this involves ongoing consultation with local people, public authorities and others affected. We accept that this may sometimes result in our not exploring land or developing operations, even if legally permitted to do so.

We are particularly rigorous in assessing the effects of our activities in advance in areas of high conservation or heritage value. We work with others to design appropriate mitigation and management methods, and then monitor them to ensure best practice is followed.

Claims to land can be based on traditional tenure as well as statutory law. Local and national land use policies may also differ. Our objective is to bridge significant gaps between legislated and customary arrangements through the fullest possible understanding of the issues involved.

Where property is affected, its value is assessed and appropriate compensation mutually agreed. We work with others where frameworks do not exist to encourage and help governments put

appropriate consultation processes in place.

During mining operations, we may use land that is surplus to operational requirements for a variety of purposes. These include housing, educational, health and recreational facilities as well as for food production, forestry, habitat protection and biodiversity conservation.

When operations are closed, we complete the rehabilitation of land we have disturbed in consultation with our neighbours and in accordance with best environmental practice, relevant laws and regulations.

Occupational health

We strive to protect our physical health and well being in the workplace.

A healthy workforce contributes to business success. We are committed to preventing new cases of occupational disease and have a target of achieving a significant reduction in these cases year on year through the continual identification, evaluation and control of workplace exposures.

We have developed a set of core occupational health standards. We implement these standards in conjunction with education, training, and the incorporation of systems and procedures.

An assurance process entailing regular audits, reviews and reports measures compliance with our occupational health policy and standards.

Political involvement

Rio Tinto does not directly or indirectly participate in party politics nor make payments to political parties or individual politicians.

Rio Tinto represents views to government and others on matters affecting its business interests and those of shareholders, employees and others involved in our activities. By fostering such public dialogue, we contribute to the development of sound legislation and regulation that is relevant and appropriate to our business interests.

Nothing in Rio Tinto's policy seeks to restrict individuals acting in their personal capacity as citizens from participating in the political process.

Safety

Safety is a core value and a major priority; our goal is zero injuries.

Everyone's behaviour contributes to an injury free workplace; full and consistent implementation of and accountability for Rio Tinto's comprehensive standards, guidelines, systems and procedures is required across the world.

Alongside this, we are building a supportive safety culture that requires visible leadership, ongoing education and training and a high level of participation by everyone in the workplace.

We place an uncompromising emphasis on hazard identification, risk assessment and risk management. We measure assurance

through operational, corporate and external auditing and reporting processes.

Sustainable development

Rio Tinto businesses, projects, operations and products should contribute constructively to the global transition to sustainable development.

We contribute to sustainable development by helping to satisfy global and community needs and aspirations, whether economic, social or environmental. This means making sustainable development considerations an integral part of our business plans and decision making processes.

By focussing on people, the environment, resource stewardship and management systems, we can better manage risk, create business options, reduce costs, attract the best employees, gain access to new markets and resources and deliver a better product to our customers.

In practice, this depends on the active awareness of and support for Rio Tinto's principles and policies by each of us as individuals.

Appendix

Some international accords supported by Rio Tinto

- **Australian Minerals Industry Code for Environmental Management**
www.minerals.org.au/downloads/pdf/Code2000.pdf
- **Global Sullivan Principles of Social Responsibility**
www.globalsullivanprinciples.org/principles.htm
- **International Chamber of Commerce Business Charter for Sustainable Development**
www.iccwbo.org/home/environment/charter.asp
- **International Council on Metals and Minerals Sustainable Development Framework**
www.icmm.com
- **International Labour Organisation Convention 169: Concerning Indigenous and Tribal Peoples in Independent Countries**
www.unhchr.ch/html/menu3/b/62.htm
- **International Labour Organisation Declaration on Fundamental Principles and Rights at Work**
www.ilo.org/public/english/standards/decl/declaration/text/tindex.htm
- **Organisation for Economic Cooperation and Development Convention on Bribery and Corruption**
www.oecd.org/pdf/M00007000/M00007323.pdf
- **Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises**
www.oecd.org/pdf/M00021000/M00021070.pdf
- **United Nations Universal Declaration of Human Rights**
www.un.org/Overview/rights.html
- **United Nations Global Compact**
www.unglobalcompact.org/
- **US/UK Voluntary Principles on Security and Human Rights**
www.state.gov/www/global/human_rights/001220_fsdrf_principles.html
- **World Economic Forum Global Corporate Citizenship Statement**
www.weforum.org/pdf/GCCI/GCC_CEOstatement.pdf

Rio Tinto's own supplementary guidance documents

- **Business integrity guidance**
- **Compliance guidelines**
- **Corporate governance guidelines**
- **Environment standards**
- **Financial disclosure guidelines**
- **Human rights guidance**
- **Occupational health standards**
- **Rules for dealing in Rio Tinto securities**
- **Safety standards**

These documents provide additional guidance in specific policy areas and further resources are also available on Rio Tinto's intranet and internet websites.

For convenience, we use "Rio Tinto" to describe Rio Tinto Limited and Rio Tinto plc and their affiliated companies, although all of these are independently managed, separate and distinct entities. Rio Tinto plc and Rio Tinto Limited are combined in a dual listed companies structure as a single economic entity.

RIO TINTO

Minerals and metals for the world 

Rio Tinto plc

6 St James's Square
London SW1Y 4LD
UK

Phone: +44 (0)20 7930 2399
Fax: +44 (0)20 7930 3249

Rio Tinto Limited

55 Collins Street
Melbourne
Victoria 3001
Australia

Phone: +61 (0)3 9283 3333
Fax: +61 (0)3 9283 3707

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