

**JAKOB STAUSHOLM (Chief Executive):**

We will now take your questions.

**QUESTION:**

Hi, good morning all or good evening. Just a question for Kellie or for Brad. From what you have seen from the outcome of the review of the West Australian Aboriginal Heritage Act, I am just wondering if you think the new positions and processes that Rio now have in place will meet the requirements of the updated Act?

And also then more broadly, just your views on how you think the updated laws are going to provide Traditional Owners with the protection they need, but while also allowing Rio to receive the approvals it needs to operate effectively?

**JAKOB STAUSHOLM:**

Brad, why don't you start?

**BRAD WELSH (Chief Advisor, Indigenous Affairs):**

Thank you, Jakob. Thank you for the question. From what we have seen of the West Australian proposal laws it focuses on a move away from what's known as Section 18 or permit by permit sort of approvals or impact by impact approvals and more towards what's known as Cultural Heritage Management Plans, so our business is well versed in doing Cultural Heritage Management Plans in a jurisdiction like Queensland. We have done them in a place like Weipa for quite a long time.

We do think that presents quite an opportunity for the company and Traditional Owners to work together on what's known as the Cultural Heritage Landscape, which is broader than the impact footprint on the individual sort of approvals. I think

that is a positive move and we are looking forward to working collaboratively to understand what that Cultural Heritage Landscape would look like.

There are a number of other commitments that we are quite supportive of and we have been quite supportive of that is, a process for working through new information when it arises, as well as a right of appeal for Traditional Owners.

So obviously we have to see the legislation when tabled. We do believe that our approach will be significantly higher than, and usual is significantly higher than, any regulatory approach and driven heavily by discretionary efforts. So we know our relationship is underpinned by trust and trust is really a discretionary effort with our partners. But thank you for the question.

**QUESTIONER:**

No worries. Can I ask another one please to Jakob? You mentioned in your opening words, Rio desires to lift Traditional Owner engagement, not only in Australia but globally. Can you perhaps give us some thoughts on how all these positive improvements that's been outlined today might be brought to help issues at Resolution in the US?

**JAKOB STAUSHOLM:**

Yes, thank you. As you know, the situation is a very different situation we are faced with in the US. It's a different system, it's a different set-up, but none the less, we are going through a long engagement process primarily going through the Forest Services in the US.

If there's one lesson learned I take out of Australia is the importance of direct engagements and this is probably the one thing that we really do want to push harder, seeing how we can more direct engage with the First Nation groups in the US, and particularly the San Carlos tribe. Thank you.

**QUESTIONER:**

Okay. Thanks very much and thanks for the presentation.

**QUESTION:**

Hi, thank you for the call. I just have one quick question. You did mention, you know you failed on aboriginal site blow-up, but you did have a framework before and these issues continue to happen, so I was just wondering what in your framework failed before and what are you implementing now to kind of address those exact failures that you had in your framework from before?

**JAKOB STAUSHOLM:**

Look let me take that and Brad you are most welcome to add further. But we have extensively laid out the root causes of what went wrong and it went terribly wrong with Juukan Gorge, and we are addressing that in the Board Report issued last autumn. There were a number of procedural things that went wrong.

But, for me, well above everything and what is really crucial for us is to have the right relationships with the Traditional Owners. That over and above procedural aspects could have avoided what happened at Juukan, I have no doubt about that, and I hope you hear our commitment to real engagement and real relationships who everyone at management of Rio today.

Brad, do you want to expand?

**BRAD WELSH:**

Yes. Thank you, Jakob. One thing I would say about our company is we have always had pockets of excellence. We have had world-leading agreements in places like Weipa where we extended the footprint of the mine in the Cultural Heritage Landscape. Alicia talked about the Gove Agreement where through discretionary

effort we formed an agreement rather than just sought the extension of our leases. So our company has always had pockets of excellence.

I think the recognition in Juukan was there is benefit to bringing indigenous voices into the most senior levels of the company, through whether it is an Indigenous Advisory Group, whether it is indigenous leadership, whether it's general managers having a relationship at local level.

We want to get far more consistent in our approach across the company by introducing our senior leaders to indigenous people either locally or nationally or internationally and we know that partnership and that relationship drives performance of our business as well as the implementation of our standards.

So, in summary, I think we have always had pockets of excellence but this is really about building that capability for the company to respond at all levels in the business. Thank you.

**JAKOB STAUSHOLM:**

And just to finalise on that point, that is exactly what we are trying to achieve: with Mark Davies building the CSP function across the Group with what we are doing across Australia; appointing Kellie Parker as CEO of Rio Tinto across Australia, so that is what we are implementing right now. Thank you.

**QUESTIONER:**

Okay, thank you. And also, and it might be the same answer, but in terms of your accountability practices, you touched on a little bit in the presentation, but internally with these new sort of board changes what is going to happen in terms of accountability and how that is going to shift in the future? Because, you know, a lot of promises are being made, but how are you going to make sure that you keep them?

**JAKOB STAUSHOLM:**

Look, we certainly as a new executive team feel very accountable, and that's for the board to guard that this is happening, so I think we should ask Megan for an answer to that question.

**MEGAN CLARK (Non Executive Director and Sustainability Chair):**

Thanks. And certainly we'll have reports regularly on the progress on management implementing the recommendations that we had from the Parliamentary Inquiry, from the Board Review, but it's important here that we have the cultural shift as well on-the-ground, so we will be verifying that on-the-ground.

I will be visiting as Chair of the Sustainability Committee – and I have got three times this year – in the Pilbara. And as Brad outlined, we are checking directly with the Traditional Owners: are we meeting those expectations?

So there are a number of things that sit over the top in a governance sense, all of our lines of defence, not just our standards but how it would work with the operations, how we are looking through the expert area of excellence, to make sure that we have the right standards and that we are implementing those standards. And we will be keeping our internal audit just checking on that as well.

And then, it is not enough to look at yourself, we will also add that sort of third area of checking, we're bringing in that external view to all of our areas and make sure we are doing exactly what we said we would do.

But I would reiterate Jakob's comment and Brad's comment, what's important here is that we stitch up that relationship all the way through our organisation, including the Board.

It's one of the reasons that the Board of Rio Tinto in full met with the PKKP Board, and so making sure that we also have the back-up of those relationships. We have those communication lines open at every level: at the local level, the regional level, the national level, and we do that across our global operations. Thanks.

**JAKOB STAUSHOLM:**

I probably should add one last thing. We have made quite a significant change in our bonuses structure and now ESG is a significant part of it for all of us in management and that should hopefully also drive behaviour.

**QUESTION:**

Thank you. First, I would like to begin by just acknowledging the engagement with the company executive team and the Board with global investors on these critical issues, and particularly the commitment to greater ongoing transparency as well ongoing engagement with Traditional Owner groups in Australia and First Nation groups across the world.

My question is whether you view the lessons that have been learned in Western Australia and the Pilbara can actually be applied on projects globally, particularly Resolution Copper?

**JAKOB STAUSHOLM:**

Thank you very much and thanks for your acknowledgement. It is very felt in the organisation what we have been through and provides a unique platform for us to, apply deep learning I can assure you about that.

Look, it's really tricky because there are definitely learnings from Australia that we need to think about, how do we apply that best in Resolution? But it is also very important that it is a very different set-up in the US than in Australia and we cannot

just say what we are doing in the Pilbara is exactly the same we should in Resolution.

I got the question early on, and I do think with the benefit of hindsight I would really like to see how we can deeper, more directly, engage with all the First Nation groups in the US. But I would like to remind you we have gone through a 7-year of engagement process.

And, in any case, it's a bit theoretical about Resolution because there is no development plan yet, we are only at an early stage, and we need to work together with everyone to see how and whether we can develop the right development plan that can bring consensus about moving forward. So views for and against are a bit theoretical at this point in time.

But I can assure you we will very, very deeply think about how we can apply learnings, all the learnings from Australia, into a project like Resolution. It's tricky though. It is focusing right now and it's simply not at the stage where the real key decisions are being made. The only event we have right now was the publication of environmental impact study and the land swap. Thank you.

**QUESTION:**

Hello and thank you for holding the briefing today. I have just got a couple of questions. Just going back to the initial incident at Juukan Gorge, that was initially reported in a local WA newspaper and then it finally got to the mainstream media about a week later. But it took Rio just a few days short of a month to put a statement out regarding that and I am just wondering why it took so long for the company to say anything on it, even acknowledgement that it occurred?

Then secondly, the fall-out has been quite dramatic. There has been a lot of change going on and a lot of positive change as well, but with regard accountability – the Chairman is moving on – but will there be any changes to the Board following this?

Because, if you look at what's happened, how it has been handled initially was quite poor in my view, and from where I sit I would like to see some further change made at the very top because you just can't believe that the Board didn't know the seriousness of this and really just failed to act.

And beforehand, if everything had been working properly, the audit for sustainability should have started picking up the deficiencies, and it didn't, so there has to be some further accountability in my opinion.

**MEGAN CLARK:**

Jakob, do you want me to take that one?

**JAKOB STAUSHOLM:**

Yes please. If you don't mind, I just want to say one little thing upfront. Megan I really appreciate your observation also on the first part of how we expect to change things, but what I want to note not duck my head here that I was CFO at the time in the company when this happened and obviously I look back with deep regret at that time.

I would say about accountability, just to give you a few dimensions, because I hope we are all thinking with the same mindset of how can Rio Tinto prosper from this point of view? We actually have had over the last few months three executives, including the Chief Executive, who have left the company.

I have come in; I have reset. I have set a new executive team in January and we are having changes to the Board. There is just a limit to how much changes you can



deal with if you want to move the company forward, as well. At least from my perspective, living the changes every day, I think we actually have done significant changes. But Megan, why don't you answer the question?

**MEGAN CLARK:**

Thanks Jakob. Thanks for asking both of those questions. In terms of the accountability, we have had very significant change with three of the executives taking accountability, and you have seen the recent announcement that the Chairman will stay to make sure that we have stability but not stand at the AGM in the following year.

So I can assure you that throughout the organisation, and myself personally as well, it is hard to even explain the level of hurt and shame that we feel, the shame that I personally feel, because every single day we have the responsibility for people's safety, for their health, or for their safety of all of our underground operations now, open pits etc. and for our community relations, these responsibilities are very important.

As a Board member, all Board members are there at the discretion of the shareholders and we simply put ourselves forward for that. From my personal point of view I am absolutely dedicated to making sure that we make the transformation that is needed, not just in Rio Tinto but actually throughout the mining industry, to really make sure that we have true partnerships across the mining industry with Traditional Owners.

If you look back on some 30 years, there was massive step in moving from litigation to partnership and a focus on shared value with our Traditional Owners, but this next transformation that we're undergoing and the industry will undergo, and I certainly will dedicate myself to that transformation.

Is one of our true partnerships as Brad and the team have outlined.

It is about shared, it is really about having that equal power, and it is about going beyond shared benefits, to understand what our Traditional Owners and First Nations groups are trying to do and help them with that. It will go beyond any requirement of the legislation as well.

So I absolutely accept your comments on accountability, do not shy away from it, but I am also not naïve this is something that we will achieve quickly. All of my life in the mining industry since I first graduated I have been committed to removing and eliminating fatalities in our industry and I know from that, that it takes decades, it doesn't take years.

So with the permission of the shareholders such as yourself and being invited by our Traditional Owners and First Nations people, being welcome, I can just assure you that I am extremely personally dedicated to make this change whether I am with Rio Tinto or outside and beyond my time with Rio Tinto.

**QUESTIONER:**

Thank you very much for the answer. We really appreciate that. Thank you.

**QUESTION:**

Thank you. This is probably also for Jakob and Megan. The question I really have is you have announced a lot of changes and initiatives that are all very positive, but I am just curious to know what do you see as the biggest substantive change that has been implemented in your approach to heritage management, that you see as going to be the critical factor in improving relations and outcomes with the Traditional Owners?

**JAKOB STAUSHOLM:**

Megan, why don't you start? I have a couple of comments as well.

**MEGAN CLARK:**

Thank you for the question. The two that really stand out for me, one Jakob has already mentioned, is the relationship because the one thing that still sits in my mind, as I look at what happened and why it happened, was where was the quick phone call? Where were all of those linkages that could have stopped this at any time? And it is a question that still sits there.

So I think having those relationships with the Traditional Owners they are as important as the prime ministers of the countries in which we operate or the presidents in those countries, and I ask myself the question: do we invest the same time in those relationships? And so that's a very important part of what we are trying to do right now.

They should not just be business relationships but actually including friendships, where the communications channels are just open and those relationships are deep and trusting so that something like this could never happen again.

The second for me is that this will fundamentally change the way we do mining as well because it requires a much more iterative interaction with the Traditional Owners and the First Nations.

First of all, listening before you even do the mine plan, of what's significant and understanding their significant areas, the cultural significance etc. I think we start there and then as we work through the mine plan sort of sharing that as we go, getting that feedback from on-the-ground.

I have seen that already start in the Pilbara, where you can see the Traditional Owners sharing their knowledge with the mining team and then changing the miners' eye, and saying, 'Look we've done this, how does that look, and then the Traditional Owners said, well that's great, but can you move the tailings dam just a little bit to the left so that this creek has a nice visual and the look and feel of that particular cultural side is preserved?' And the mining engineers go away and move it a little. And that's what iterative mining I think will change, the way we do things.

In a way it replicates the change we have seen in software development, massive software programmes that were developed behind closed doors and then pushed out - only in some cases not to work – and now we see that kind see that iterative part. So I think, certainly two big changes that will see this integration of cultural heritage with our mine planning and the strength of those relationships.

**JAKOB STAUSHOLM:**

Thank you. Let me just say one thing on that front. It's along the same lines but maybe just seen from my chair. I do think actually my probably biggest leadership challenge is the following: we laid out very clearly today that you cannot not have a central function who is responsible here, it is actually line management. You also heard me saying earlier today that we mine on other's land, and it's way beyond procedural, it's about it has to be felt in the hearts and the minds, the same way as we have built a safety culture over decades.

My leadership challenge is that this is not run by the first level, the EXCO team, nor the next level, the Managing Directors, you really have to be sure that the general managers of each site, and we have got more than hundred of those, that it is felt in the hearts and minds. So one big thing is to make sure that we consistently get this as a value and as you have also heard today we have really, really some fantastic examples.

We have best-in-class examples within Rio Tinto. For me my responsibility, and I am not ducking away from that, is to make sure that we get it consistently throughout. It is a leadership challenge. Thank you.

**QUESTIONER:**

Yes, I guess everything you are saying makes sense; it's just hard to square that. I would have thought around Megan's opening comment was there needs to be good relationships with the Traditional Owners and even friendships. It is disappointing that wasn't already just embedded in the way the mining operated historically and it took this incident to sort of highlight that was a sort of missing component.

**JAKOB STAUSHOLM:**

Look, it is a horrible event and we would all loved to have seen it never happen, it shouldn't have happened, but I can't change it and it is absolutely crucial to re-work this. It is not that we have found a lot of weaknesses elsewhere but it is just very evident that when it comes to Juukan Gorge and with the PKKP that we just have to acknowledge that we have to work these things by much harder. So I agree with your sentiment but that's our challenge and the opportunity.

**QUESTIONER:**

All right. Anyway, thank you for that and good luck with things going forward.

**JAKOB STAUSHOLM:**

Thank you.

**QUESTION:**

Hi, thank you for the presentation, Jakob and team for all the work you are now doing. I am interested in how you are planning to cross the supply chain. So you

have spoken to some of us in a presentation and you are obviously doing a big programme of work internally with a lot of positive changes that should come through as a result of that.

But how are you going to apply that or how can you apply that across your supply chain, to ensure that the partners that you are working with are at your level or increasingly moving along with you as well, because that's I guess a key risk as well that the supply chain is not where you want to be or where you are going and something happens there?

**JAKOB STAUSHOLM:**

Thank you. That's a very good point. Let me just clarify, when you say supply chain you think about contractors and everyone and who we are using as contractors etc. Is that correctly understood?

**QUESTIONER:**

Yes, that's correct.

**JAKOB STAUSHOLM:**

Excellent. So look, I think we are very cognisant about that and we are doing everything we can. As mentioned earlier, I went to our Gove operations last week and just in that operation I see that we spend more than \$100 million a year with local suppliers, it is absolutely key, and you have this wonderful example by the way from Gove. I think it is the first operation 100 per cent run by indigenous groups doing their own mining and selling the bauxite to our operations.

So you are absolutely right this is not just a risk, it is a massive opportunity if you do that in the right way. Brad, do you want to elaborate a bit on this?

**BRAD WELSH:**

Yes. Thank you, Jakob. I guess there are probably a couple of points to make where we are sharing our approach with many of our suppliers.

One thing I would reiterate is we are not delegating the relationship with Traditional Owners, so we do want to make sure that relationship is direct, and I think the biggest opportunity is we are not talking about large groups of people. So if we think about the 9 groups in the Pilbara we are talking about 3,500 members, we are not talking about hundreds of thousands of people.

Any investments we make in the Pilbara Traditional Owners, whether it's business development or capability uplift or leadership development in the corporate sector, those will pay off with all of our contractors because we are building the capability of the partners we work with and they will be better able to match opportunity with capital.

So I think the real opportunity is the investments directly in our partners into mutual objectives allowing them and supporting them to build a sustainable approach with all people that they deal with, including mining, and obviously no issues sharing throughout, through our contracting networks as the principal as well. Thank you.

**MENNO SANDERSE (Investor Relations):**

We are coming up to the time, so maybe one last question please.

**QUESTION:**

Thanks very much for the presentation. My question is around the escalation process. You've mentioned there have been a thousand site reviews and I think you said no cases of escalation. Is that correct?

**JAKOB STAUSHOLM:**

Who should I ask here - Brad? I see also Simon Trott on the phone here, but Brad why don't you take the question?

**BRAD WELSH:**

Yes. Thanks Jakob. So more than a thousand sites including indirect sites have been assessed and they have all been assessed and reviewed by the Iron Ore Chief Executive, so that I guess in some respects they have all been escalated. I think the Megan's point was that they have not been escalated to the board level due to being able to either be removed from the reserve or removed for further consideration.

So we haven't got to the point where we have had to escalate all the way through to the senior parts of the company, but the Rio Tinto Iron Ore CEO has had oversight of that review process and each one of those decisions.

**QUESTION:**

Thanks Brad. And can I get an idea of what might cause an escalation to the board?

**BRAD WELSH:**

Yes, it is usually a question of significance and a type of site. So we have got about 13,000 sites across our Iron Ore position that we have recorded over the last 20 years. You might find that a site has quite high significance from an archaeological perspective as well as well as a living culture perspective, so the way that a Traditional Owner group relates to that site.

Where you've got I guess other sites that might be an artefact status, say, it is usually quite easy to collect those artefacts and disturb them or remove to a safe location, so you are sort of looking at a couple of 'book ends'.



One of the other overlays that you see is this concept of intangible values. So that's a way the site might look, feel, sound, what's the thing that makes the living culture sort of connect to the site? They are much harder to understand and you have to understand them through the eyes of the Traditional Owners.

In a case like Juukan, if we were going to proceed with Juukan you have got a site that has got a high level of preservation, proof of continual occupation, and in an area that preservation in an arid sort of area is not a common thing, so a site like Juukan would have to go all the way through to the board level because it is ranked quite highly from an archaeological perspective as well as from the Traditional Owners in terms of its living culture, these intangible values.

What we have found is that the more significant the site through our initial reviews we have pulled them out of the process, we've put them out of reserve, and further work with the Traditional Owner groups especially while we are trying to build this partnership approach.

What we are looking forward to is unlocking the future of the Pilbara together because we do have mutual objectives in doing that. So it is probably the reason we haven't escalated through to the board as yet.

**QUESTIONER:**

Okay. Thanks for that, Brad. I appreciate it.

**MENNO SANDERSE:**

Thank you, Brad. Thank you speakers and thank you everybody for listening. I appreciate there are a couple more questions but please contact IR and we follow up with those. So thank you again everybody and see you all at the next event.

(End of Q&A Session)

