

# 2018 Notice of annual general meeting

The annual general meeting of Rio Tinto Limited will be held at 9:30am on Wednesday, 2 May 2018 at the Grand Ballroom, Sofitel Melbourne On Collins, 25 Collins Street, Melbourne, Victoria.

This document is important and requires your immediate attention. If you have any doubts about the action you should take, contact your stockbroker, solicitor, accountant or other professional adviser immediately.

**If you are unable to attend the annual general meeting, you can view the webcast at [riotinto.com/webcast](http://riotinto.com/webcast)**

Rio Tinto Limited  
ABN 96 004 458 404  
**Registered office:**  
Level 7, 360 Collins Street  
Melbourne  
Victoria 3000

# Letter from the chairman

---

## Dear shareholder,

I am pleased to invite you to Rio Tinto Limited's annual general meeting, which will be held at 9:30am on Wednesday, 2 May 2018 at the Grand Ballroom, Sofitel Melbourne On Collins, 25 Collins Street, Melbourne, Victoria.

This notice of meeting describes the business that will be proposed and sets out the procedures for your participation and voting. Your participation in the annual general meeting is important to Rio Tinto and a valuable opportunity for the board to consider with shareholders the performance of the Group. Please note that only shareholders, proxy holders and corporate representatives in attendance at the meeting will be eligible to ask questions of the directors.

As I stand down from the board on 5 March 2018, I would like to welcome Simon Thompson to the chairmanship of Rio Tinto. Simon has served on the board since 2014 and has significant experience of the industry. I am pleased to be succeeded by Simon and know that he will do an outstanding job chairing your company. On 15 February 2018, we announced that Paul Tellier will be retiring from the board following the conclusion of the Rio Tinto Limited annual general meeting. I am very grateful to Paul for his contribution to Rio Tinto over the years and we wish him well for the future. We also announced that Moya Greene will join the board in the second half of 2018. Moya will stand for election by shareholders for the first time at the 2019 annual general meetings.

This year, the business of the meeting will include a number of resolutions relating to remuneration. The first is the approval of the Remuneration Policy (the Policy), set out on pages 72 to 79 of the Annual report. The current Policy was approved by shareholders at the 2015 annual general meeting and is therefore due for renewal. The Policy sets out the Group's policy on remuneration and potential payments to directors going forward and, with the exception of some minor changes and enhancements, remains largely unchanged.

The next two resolutions are approvals sought every year that relate to remuneration. These relate to the approval of the Directors' 2017 Remuneration Report (resolutions 3 and 4) in accordance with UK and Australian law respectively. We are also seeking shareholders' approval to adopt a new discretionary employee share plan (the "2018 Equity Incentive Plan" (2018 EIP)), under which all long-term incentive awards and bonus deferred shares will be granted. This new plan is being implemented to consolidate the provisions of various existing long-term incentive plans with a view to simplifying and ensuring consistency of treatment by having all awards governed through a single set of plan rules. Awards to be made under the 2018 EIP will continue to be granted in accordance with the prevailing Policy. There is a related resolution to request approval of potential termination payments under the 2018 EIP in accordance with Australian law, and the reasoning is described in the explanatory notes.

Your directors are unanimously of the opinion that all of the resolutions to be proposed in this notice are in the best interests of shareholders and of Rio Tinto as a whole. Accordingly, they recommend that you vote in favour of resolutions 1-18.

If you are unable to attend the meeting to vote in person, please complete and submit your proxy form in line with the instructions on page 5. Submitting a proxy form will ensure your vote is recorded but does not prevent you from attending and voting at the meeting itself if you would like to do so.

The corresponding Rio Tinto plc annual general meeting will take place in London on Wednesday, 11 April 2018. The overall result of the vote from both meetings on resolutions 1 to 17, along with the result of the vote on resolution 18 at the Rio Tinto Limited annual general meeting, will be announced to the relevant stock exchanges and posted on our website after the end of the Rio Tinto Limited annual general meeting.

We look forward to your participation at the annual general meeting and thank you for your continued support.

Yours sincerely



**Jan du Plessis**  
Chairman  
28 February 2018

# Notice of annual general meeting

Notice is given that the annual general meeting of Rio Tinto Limited (the company) will be held at the Grand Ballroom, Sofitel Melbourne On Collins, 25 Collins Street, Melbourne, Victoria at 9:30am (AEST) on Wednesday, 2 May 2018, for the following purposes:

## Resolution 1

### Receipt of the 2017 Annual report

To receive the company's financial statements and the reports of the directors and auditors for the year ended 31 December 2017.

## Resolution 2

### Approval of the Remuneration Policy

To approve the Remuneration Policy, set out in the 2017 Annual report on pages 72 to 79.

*This resolution is binding, and is required for UK law purposes.*

## Resolution 3

### Approval of the Directors' Remuneration Report: Implementation Report

To approve the Directors' Remuneration Report: Implementation Report for the year ended 31 December 2017 as set out in the 2017 Annual report on pages 70 to 105 (save for pages 72 to 79), comprising the Annual statement by the Remuneration Committee chairman and the annual report on remuneration (together the Implementation Report).

*This resolution is advisory, and is required for UK law purposes.*

## Resolution 4

### Approval of the Directors' Remuneration Report

To approve the Directors' Remuneration Report for the year ended 31 December 2017, comprising the Remuneration Policy and Implementation Report, as set out in the 2017 Annual report on pages 70 to 105.

*This resolution is advisory, and is required for Australian law purposes.*

## Resolution 5A

### Approval of the Rio Tinto 2018 Equity Incentive Plan

To approve the Rio Tinto 2018 Equity Incentive Plan (2018 EIP), in the form produced to the meeting and initialled by the chairman for the purposes of identification, the principal terms of which are described in the explanatory notes to this notice and to:

- (a) authorise the directors to adopt the 2018 EIP and do all acts and things which they consider necessary or expedient to give effect to the 2018 EIP; and
- (b) to establish further plans based on the 2018 EIP, but modified to take account of local securities laws, exchange controls or tax legislation as long as shares made available under such further plans will be treated as counting against any limits in relation to participation in the 2018 EIP.

## Resolution 5B

### Approval of potential termination benefits payable under the Rio Tinto 2018 Equity Incentive Plan

To approve for all purposes (including for the purposes of sections 200B and 200E of the Australian Corporations Act 2001) the giving of benefits under the 2018 EIP to persons (Relevant Executives) who, from time to time, are key management personnel of Rio Tinto Limited or who, from time to time, hold a managerial or executive office (as defined in the Australian Corporations Act 2001) in Rio Tinto Limited or a related body corporate, in connection with the

person ceasing to hold an office, or position of employment, in Rio Tinto Limited or a related body corporate for a period of two years from the date the resolution is passed.

## Resolution 6

To re-elect Megan Clark as a director

## Resolution 7

To re-elect David Constable as a director

## Resolution 8

To re-elect Ann Godbehere as a director

## Resolution 9

To re-elect Simon Henry as a director

## Resolution 10

To re-elect Jean-Sébastien Jacques as a director

## Resolution 11

To re-elect Sam Laidlaw as a director

## Resolution 12

To re-elect Michael L'Estrange as a director

## Resolution 13

To re-elect Chris Lynch as a director

## Resolution 14

To re-elect Simon Thompson as a director

## Resolution 15

### Re-appointment of auditors

To re-appoint PricewaterhouseCoopers LLP as auditors of Rio Tinto plc to hold office until the conclusion of the next annual general meeting at which accounts are laid before Rio Tinto plc.

## Resolution 16

### Remuneration of auditors

To authorise the Audit Committee to determine the auditors' remuneration.

## Resolution 17

### Authority to make political donations

To authorise Rio Tinto plc, and any company which is a subsidiary of Rio Tinto plc at the time this resolution is passed or becomes a subsidiary of Rio Tinto plc at any time during the period for which this resolution has effect, to:

- (a) make donations to political parties and independent election candidates;
- (b) make donations to political organisations other than political parties; and
- (c) incur political expenditure,

provided that in each case any such donations or expenditure made by Rio Tinto plc or a subsidiary of Rio Tinto plc shall not exceed £50,000 per company, and that the total amount of all such donations and expenditure made by all companies to which this authority relates shall not exceed £100,000.

This authority shall expire at the close of the annual general meeting of Rio Tinto plc held in 2019 (or, if earlier, at the close of business on 11 July 2019).

## Resolution 18

### Renewal of off-market and on-market share buy-back authorities

To pass the following resolution as a special resolution:

“That approval is hereby given to buy-backs by Rio Tinto Limited of fully paid ordinary shares in Rio Tinto Limited (Ordinary Shares) in the period following this approval until (and including) the date of the Rio Tinto Limited 2019 annual general meeting or 1 May 2019 (whichever is the later) or, if earlier, the date on which shareholders next give approval to buy-backs by Rio Tinto Limited of fully paid Ordinary Shares:

- (a) under one or more off-market buy-back tender schemes in accordance with the terms described in the explanatory notes that accompany this Notice (the Buy-Back Tenders); and/or
- (b) pursuant to on-market buy-backs by Rio Tinto Limited in accordance with the Listing Rules of the Australian Securities Exchange,

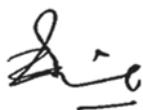
but only to the extent that the number of Ordinary Shares bought back pursuant to the authority in this resolution, whether under any Buy-Back Tenders or pursuant to any on-market buy-backs, does not in that period exceed 41.2 million Ordinary Shares.”

#### Note:

In accordance with Rio Tinto’s dual listed companies structure, as Joint Decision Matters, resolutions 1 to 17 (inclusive) will be voted on by Rio Tinto plc and Rio Tinto Limited shareholders as a joint electorate and resolution 18 will be voted on by Rio Tinto Limited shareholders only.

Resolutions 1 to 17 (inclusive) will be proposed as ordinary resolutions and resolution 18 will be proposed as a special resolution.

By order of the board



**Tim Paine**  
Joint company secretary  
Level 7, 360 Collins Street  
Melbourne  
Victoria 3000



**Steve Allen**  
Joint company secretary

28 February 2018

# Further information about the meeting

## Shareholders entitled to vote

For the purposes of the Corporations Act 2001, Rio Tinto Limited has determined that securities of Rio Tinto Limited that are quoted securities at 7:00pm (AEST) on Monday, 30 April 2018 will be taken, for the purposes of the meeting, to be held by the persons who held them at that time.

## Voting by proxy

A shareholder entitled to attend and vote at the meeting is entitled to appoint up to two proxies. A proxy need not be a shareholder of Rio Tinto Limited.

A proxy other than the chairman of the meeting is not required by law to vote on any resolution. However, if the proxy's appointment directs the proxy how to vote on a resolution and the proxy decides to vote as proxy on that resolution, the proxy must vote the way specified (subject to the other provisions of this notice, including the voting exclusions noted below).

If an appointed proxy does not attend the meeting, the chairman of the meeting will be taken to have been appointed as the proxy. If a proxy appointment specifies the way to vote on a resolution and the appointed proxy does not attend the meeting or attends the meeting, but does not vote on the resolution, a directed proxy will default to the chairman of the meeting who must vote the proxy as directed.

If the chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, the chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of this notice, including the voting exclusions noted below).

### Chairman appointed as proxy for resolution 2, 3 or 4 (approval of the Remuneration Report) or resolution 5A (approval of 2018 EIP) or 5B (approval of potential termination benefits)

If the chairman of the meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the chairman to vote for or against, or to abstain from voting on resolutions 2, 3 or 4 (approval of the Remuneration Report) and resolution 5A (approval of 2018 EIP) or 5B (approval of potential termination benefits), by marking the appropriate box opposite one or more such items on the proxy form. However, if the chairman of the meeting is the proxy a shareholder will be expressly authorising the chairman to vote in favour of that resolution (including if the relevant shareholder does not mark any of the boxes opposite each such resolution), even though the resolution is connected directly or indirectly with the remuneration of a member of key management personnel (KMP) as defined in the Corporations Act 2001.

Shareholders are encouraged to direct their proxy how to vote on each resolution. Due to the voting exclusions applying under Australian law that are described in more detail below, if a shareholder appoints a member of KMP or a closely related party as proxy, the proxy will not be able to vote on resolution 2, 3 or 4 (approval of the Remuneration Report) or resolution 5A (approval of 2018 EIP) or 5B (approval of potential termination benefits) unless the shareholder directs them how to vote on that resolution.

If a shareholder appoints two proxies they may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and does not specify each proxy's percentage of voting rights, each proxy may exercise half the shareholder's votes. Fractions of votes will be disregarded. The proxy form contains instructions for appointing two proxies.

## Proxy lodgement

Shareholders can lodge their proxy forms online at [www.investorvote.com.au](http://www.investorvote.com.au) and follow the prompts. To use this facility you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on the proxy form. You will be taken to have signed

the proxy form if you complete the instructions on the website by 9:30am (AEST) on Monday, 30 April 2018.

If using the proxy form accompanying this notice, the proxy form, together with any power of attorney or authority under which it is signed, must be received by Rio Tinto Limited's share registry at Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria, 3001, or Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067 or at Rio Tinto Limited's registered office or by facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia), by 9:30am (AEST) on Monday, 30 April 2018.

For intermediary online subscribers only (custodians), please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your proxy.

## Voting arrangements under the dual listed companies structure

The voting arrangements for shareholders under the Group's dual listed companies (DLC) structure are explained in the Shareholder information section of the 2017 Annual report.

## Voting exclusions

A vote on resolutions 2, 3, 4, 5A or 5B should not be cast (in any capacity) by or on behalf of a member of KMP or their closely related party, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form. The voting exclusions on KMP in resolutions 2, 3, 4, 5A and 5B do not apply to the chairman of the meeting acting as proxy if the proxy appointment expressly authorises the chairman to exercise the proxy even though resolutions 2, 3, 4, 5A and 5B are connected directly or indirectly with the remuneration of a member of KMP.

Rio Tinto will disregard any votes cast on resolution 5A by any director of the company who is eligible to participate in the 2018 EIP and any of their associates, unless the vote is cast by:

- such a person as a proxy for a person who is entitled to vote on resolution 5A, in accordance with a direction on the proxy form; or
- the chairman of the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Any Relevant Executive, potential or current, or an associate who wishes to preserve the benefit of resolution 5B for the Relevant Executive must not vote on the resolution. However, they may cast a vote if the vote is cast as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a Relevant Executive or an associate.

## Discussion and asking questions

Shareholders eligible to vote at this meeting may submit written questions to the auditors, PricewaterhouseCoopers (see address below), to be answered at the meeting, provided the question is relevant to the content of the auditors' report or the conduct of the audit of the financial report for the year ended 31 December 2017. Written questions must be received by no later than 5:00pm (AEST) on Wednesday, 25 April 2018. A list of qualifying questions will be made available to shareholders attending the meeting.

Any written questions to the auditors should be sent to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria, 3001, or Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067 or Rio Tinto Limited's registered office or by facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

## Webcast and photography

The live webcast may include the question and answer sessions with shareholders as well as background footage of those in attendance. Photographs may also be taken at the meeting and published in the media or used in future Rio Tinto publications. If you attend the annual general meeting in person you may be included in the webcast recording and photographs.

# Explanatory notes to the resolutions

## Resolution 1

### Receipt of the 2017 Annual report

The directors are required by company law to present the 2017 Annual report, comprising the 2017 financial statements, the Directors' report and the Auditors' report on the company's financial statements to the annual general meeting. These can be viewed on the Rio Tinto website: [riotinto.com/ar2017](http://riotinto.com/ar2017).

## Resolution 2

### Approval of the Remuneration Policy

The current Remuneration Policy was put to, and approved by, shareholders of both Rio Tinto Limited and Rio Tinto plc at the 2015 annual general meetings but expires at the conclusion of the 2018 annual general meetings.

The proposed Remuneration Policy (the Policy) is provided on pages 72 to 79 of the 2017 Annual report. It sets out the Group's policy on remuneration and potential payments to directors going forward. In accordance with UK law, the Policy must be approved by a binding shareholder vote (by means of a separate resolution) at least once every three years. Approving the Policy is considered a matter that affects the Group as a whole and will therefore be considered by shareholders of both Rio Tinto Limited and Rio Tinto plc.

Once the Policy is approved, the Group will not be able to make a payment to a current director that is outside the terms of the Policy, unless it has been approved by resolution of the members.

## Resolution 3

### Approval of the Directors' Remuneration Report: Implementation Report

The Implementation Report for the year ended 31 December 2017, comprising the Annual statement by the Remuneration Committee chairman and the annual report on remuneration, is set out on the Rio Tinto website and also on pages 70 to 105 (save for pages 72 to 79) of the 2017 Annual report.

The Implementation Report describes the remuneration arrangements in place for each executive director, other members of the Executive Committee and the non-executive directors (including the chairman) during 2017. The Annual statement from the Remuneration Committee chairman provides context to 2017 remuneration outcomes, together with information to help shareholders understand what the executives were paid in 2017. This vote is advisory and is required for UK law purposes.

## Resolution 4

### Approval of the Directors' Remuneration Report

The Directors' Remuneration Report for the year ended 31 December 2017 consists of the Remuneration Policy and the Implementation Report. The Remuneration Report is set out on the Rio Tinto website and also on pages 70 to 105 of the 2017 Annual report. This vote is advisory and is required for Australian law purposes.

## Resolution 5A

### Approval of the Rio Tinto 2018 Equity Incentive Plan

Shareholders are asked to approve the adoption of a new discretionary employee share plan, the Rio Tinto 2018 Equity Incentive Plan (2018 EIP), for executive directors and employees. This will allow the Group to continue operating its long-term incentive arrangements (including bonus deferred shares) in accordance with the Policy but through a single set of plan rules to allow alignment across various operating provisions, for example, consistent application of malus and claw-back. The 2018 EIP rules also provide for various other forms of share award to be made and, while there is currently no intention to use these, the 2018 EIP has been designed with flexibility in mind should the Policy be amended in the

future. A summary of key features of the 2018 EIP is set out in Appendix 1 to these explanatory notes.

It should be noted that, if Resolution 5A is passed, it will authorise the adoption by the company of the 2018 EIP and the adoption of a substantially identical plan by Rio Tinto plc. Reference in this document to the 2018 EIP is, unless the context requires otherwise, to the plan in both its UK and Australian forms.

## Resolution 5B

### Approval of potential termination benefits payable under the Rio Tinto 2018 Equity Incentive Plan

If shareholders approve the adoption of the 2018 EIP, benefits payable under it may be subject to the laws of Australia, which restrict the benefits that can be given to people who hold certain offices in Group companies in connection with cessation of office or employment, unless shareholder approval is obtained. As described in Appendix 2, approval is sought to give certain benefits under the 2018 EIP to current and future directors, members of the Executive Committee and other personnel in the Group in a manner that is consistent with our Remuneration Policy and practices.

Approving termination benefits is considered a matter that affects the Group as a whole and will therefore be considered by shareholders of both Rio Tinto Limited and Rio Tinto plc. If approval is obtained, it will be effective for a period of two years from the date the resolution is passed.

A resolution on similar terms was put to, and approved by, shareholders of both Rio Tinto Limited and Rio Tinto plc at the 2017 annual general meetings (the 2017 Resolution). To align with the approval of the 2018 EIP, this resolution is being put to shareholders at the 2018 meeting and will operate alongside, and does not affect the operation of, the 2017 Resolution.

Resolution 5B will only take effect if resolution 5A is passed.

## Resolutions 6 -14

### Election and re-election of directors

The board has adopted a policy whereby all directors are required to seek re-election by shareholders on an annual basis. Accordingly, all directors will retire and offer themselves for re-election (except for Jan du Plessis and Paul Tellier who are retiring from the board). All of the directors seeking re-election have been subject to a performance evaluation, as described in the Governance report in the 2017 Annual report. Based on that evaluation, it is considered that each director continues to be effective and demonstrates the level of commitment required in connection with their role and the needs of the business.

The board has also adopted a framework on directors' independence and it is satisfied that each non-executive director who is standing for re-election at the meeting is independent in accordance with this framework.

Biographical details in support of each director's re-election are provided below.

### Megan Clark

Independent non-executive director, BSc, PhD, age 59

**Appointment:** November 2014. Chairman of the Sustainability Committee.

**Skills and experience:** Megan, an Australian citizen, has had an extensive career in both the private and public sector, combining expertise in the metals and mining business with high-level experience in science, research and technology. Her core industry experience and knowledge bring valuable insight and effective contributions to the board. Megan was chief executive of the Commonwealth Scientific and Industrial Research Organisation (CSIRO) from 2009 until 2014. Prior to CSIRO, Megan held various roles with Western Mining Corporation, was a director at N M Rothschild and Sons (Australia) and was vice president, Technology and subsequently vice president, Health, Safety, Environment, Community and Sustainability with BHP Billiton. She holds a PhD in economic geology from Queen's University, Canada, and is a Fellow of the Australian Academy of Technological Sciences and Engineering, the Australian Institute of Mining and Metallurgy and the Australian Institute of Company

Directors. In 2014, she was appointed a Companion of the Order of Australia.

**External appointments (current and recent):** Non-executive director of CSL Limited since February 2016, non-executive director of CARE Australia since 2016, member of the Prime Minister's Science, Industry and Engineering Council from 2009 to 2014.

#### **David Constable**

Independent non-executive director, BSc Engineering, age 56

**Appointment:** February 2017.

**Skills and experience:** David, a Canadian citizen, is an experienced executive with strong corporate governance, board and leadership credentials in the engineering, construction, energy, mining and chemical sectors. He brings an international perspective to the board, having worked across the globe while based in Canada, the US, Chile, Argentina, the Netherlands, China and South Africa. David was the chief executive officer of Sasol Limited from 2011 to 2016, where he drove a comprehensive group-wide change programme, which culminated in the roll-out of the organisation's new operating model and its related structures, systems and processes.

Prior to this, David held various roles with Fluor Corporation from 1982 to 2011, most recently as Group president, Operations. He also served as Group president for Fluor's Power Business, heading up its activities in the global coal, gas, nuclear and renewable power generation industries. Prior to this, David was Group president, Operations and Maintenance, focusing on Fluor's operational asset productivity improvement business across a wide range of industries.

**External appointments (current and recent):** Non-executive director of Anadarko Petroleum Corporation since 2016 and ABB Ltd since 2015, chairman of the Compensation Committee at ABB Ltd, senior adviser of Cerberus Capital Management since 2017, member of the US Business Council, member of the International Business Council until June 2016, member of Sasol Limited's Risk and Safety, Health and Environmental Committee and Capital Investment Committee until June 2016, and was also chairman of the Sasol Global Foundation.

#### **Ann Godbehere**

Independent non-executive director, FCPA, FCGA, age 62

**Appointment:** February 2010 (board), June 2017 (senior independent director). Chairman of the Audit Committee.

**Skills and experience:** Ann, a Canadian and British citizen, has more than 25 years' experience in the financial services industry. She spent ten years at Swiss Re, a global reinsurer, latterly as chief financial officer from 2003 until 2007. She was interim chief financial officer and executive director of Northern Rock bank after its nationalisation. Ann is a qualified accountant and was made a fellow of the Institute of Chartered Professional Accountants in 2014. Ann's strong financial background and extensive board level experience enable her to effectively fulfil the role of Audit Committee chairman and senior independent director.

**External appointments (current and recent):** Non-executive director of UBS Group AG since 2014 and non-executive director of UBS AG since 2009, non-executive director of British American Tobacco plc from 2011 until April 2018, non-executive director and chairman of the audit committee of Prudential plc since 2007 and 2009 respectively until May 2017, non-executive director of Atrium Underwriting Group Limited from 2007 until 2014, non-executive director of Arden Holdings Ltd from 2007 until 2014.

#### **Simon Henry**

Independent non-executive director, MA, FCMA, age 56

**Appointment:** April 2017.

**Skills and experience:** Simon, a British citizen, has significant global experience in the oil and gas industry, having spent over 30 years at Royal Dutch Shell plc, most notably as chief financial officer, a position that he has held since 2009. He was chief financial officer and

executive vice president, Finance, Exploration & Production from 2004 to 2009, and prior to this he was head of Group Investor Relations from 2001 to 2004. Simon brings extensive financial expertise to the board and is a fellow of the Chartered Institute of Management Accountants (CIMA), and has a BA in Mathematics and an MA from the University of Cambridge.

**External appointments (current and recent):** Non-executive director and a member of the Audit Committee and the Risk Committee of Lloyds Banking Group plc since June 2014, Independent director of PetroChina Company Limited since June 2017, member of the Advisory Board of the Centre for European Reform and the Advisory Panel of CIMA, member of the UK Defence Board and Chair of the Defence Audit Committee from January 2018. Member of the Main Committee of the 100 Group of UK FTSE CFOs from 2009 to 2017, chair of the European Round Table CFO Taskforce from 2011 to 2017.

#### **Jean-Sébastien Jacques**

Chief executive, MSc, age 46

**Appointment:** March 2016 (board), July 2016 (chief executive).

**Skills and experience:** Jean-Sébastien, a British citizen, has strong executive leadership skills and expertise in leading significant growth projects. He is also highly respected for his thought leadership across a wide range of geopolitical and economic issues within the mining industry and more broadly.

Jean-Sébastien was appointed chief executive officer of Rio Tinto's Copper group in 2013 and chief executive of the Copper & Coal group in February 2015. He led the transformation of this group, delivering a step-change in both safety and cash performance while reshaping the portfolio to focus on a core of the highest-quality assets. He also had responsibility for two growth projects, Oyu Tolgoi in Mongolia and Resolution in the US, both of which saw significant progress during his tenure. Prior to joining Rio Tinto, Jean-Sébastien spent more than 15 years working in various roles across Europe, South East Asia, India and the US. He covered a wide range of operational and functional positions for the aluminium, bauxite and steel industries and more notably served as group director, Strategy for Tata Steel Group from 2007 to 2011.

**External appointments (current and recent):** Chairman of the International Copper Association since late 2014.

#### **Sam Laidlaw**

Independent non-executive director, MA, MBA, age 62

**Appointment:** February 2017. Chairman of the Remuneration Committee from 5 March 2018.

**Skills and experience:** Sam, a British citizen, has had a long and distinguished career in the energy industry, both in the UK and internationally. Sam brings to the board deep experience of long-cycle, high-capex and safety critical industries from his involvement in the upstream oil and gas industry for over 30 years. Sam has particular experience of health, safety and community engagement issues in the mining industry. He also brings experience of operations in developing countries that have a significant economic, environmental and social footprint. Sam was chief executive officer of Centrica plc from 2006 to 2014. His other previous roles include executive vice president of Chevron Corporation; chief executive officer of Enterprise Oil plc; and president and chief operating officer of Amerada Hess Corporation. He was also non-executive director of Hanson PLC, a member of the UK Prime Minister's Business Advisory Group and was senior director of the UK Department of Transport. Sam is a qualified solicitor and has a Master's degree in Business Administration from INSEAD.

**External appointments (current and recent):** Non-executive director of HSBC Holdings plc from 2008 until April 2017 (including chairman of the Remuneration Committee and Nomination Committee), chairman of Neptune Energy Group Holdings Ltd, chairman of the National Centre of Universities & Business, a board member of the Oxford Saïd Business School and a council member of Radley College.

### Michael L'Estrange

Independent non-executive director, BA (Sydney), MA (Oxon), age 65

**Appointment:** September 2014.

**Skills and experience:** Michael, an Australian citizen, has had long and distinguished public service experience in Australia and brings to the board valuable, global expertise in foreign policy, international relations and trade. His long-standing career has enabled him to gain practical experience of the broader geostrategic, economic and societal trends which impact Rio Tinto's global operations. Michael joined the Australian Government's Department of Prime Minister and Cabinet in 1981. From 1989 to 1994, he worked in a range of policy advisory positions before he was appointed the inaugural executive director of the Menzies Research Centre in Canberra in 1995. In 1996, he was appointed by the Prime Minister as secretary to cabinet and head of the Cabinet Policy Unit. He served in that role until 2000 when he became Australia's high commissioner to the United Kingdom. He returned to Australia as secretary of the Department of Foreign Affairs and Trade from 2005 to 2009. In 2007, he was appointed as an Officer of the Order of Australia.

**External appointments (current and recent):** Director and Deputy Chancellor of the University of Notre Dame, Australia, since 2014 and 2017 respectively, and head of college of the National Security College at the Australian National University in Canberra from 2009 until 2014, continuing as a professor until 2015. Non-executive director of Qantas Airways Limited since 2016.

### Chris Lynch

Chief financial officer, BCom, MBA, age 64

**Appointment:** September 2011 (board), April 2013 (chief financial officer).

**Skills and experience:** Chris, an Australian citizen, has significant experience in the mining and metals industry, having spent over 30 years working in these fields globally. Chris also has extensive listed company experience at board level across a variety of leadership roles, providing the board with significant operational and financial expertise. He was chief executive officer of the Transurban Group, an international toll road developer and manager with interests in Australia and North America, until 2012. His career has included seven years at BHP Billiton, where he was chief financial officer and then executive director and group president – Carbon Steel Materials. Prior to this, Chris spent 20 years with Alcoa Inc. where he was vice president and chief information officer based in Pittsburgh, and chief financial officer of Alcoa Europe in Switzerland. He was also managing director of KAAL Australia Limited, a joint venture company formed by Alcoa and Kobe Steel.

**External appointments (current and recent):** Chief executive officer of the Transurban Group Limited from 2008 until 2012. Commissioner of the Australian Football League from 2008 until 2014.

### Simon Thompson

Independent non-executive director, MA (Oxon), age 58

**Appointment:** April 2014 (board), from 5 March 2018 (chairman). Chairman of the Remuneration Committee until 5 March 2018.

**Skills and experience:** Simon, a British citizen, has a wealth of global experience in the metals and mining industry, having held numerous executive and non-executive positions in this sector. This enables Simon to provide valuable insight as a member of the board. Simon was an executive director of Anglo American plc, chairman and chief executive of the Base Metals Division, chairman of the Exploration Division and chairman of Tarmac. Prior to his career with Anglo American, he held investment banking positions at S. G. Warburg and N M Rothschild.

**External appointments (current and recent):** Chairman of 3i Group plc since 2015, non-executive director and chairman of Tullow Oil plc since 2011 and 2012 respectively until April 2017, non-executive director and senior independent director of Amec Foster Wheeler plc from 2009 and 2014 respectively until 2015, non-executive director of Sandvik AB from

2008 until 2015, and non-executive director of Newmont Mining Corporation from 2008 until 2014.

## Resolutions 15 and 16

### Re-appointment and remuneration of auditors

Under UK law, Rio Tinto plc is required at each general meeting at which financial statements are laid to appoint auditors who will remain in office until the next general meeting at which financial statements are laid. Under Rio Tinto's DLC structure the appointment of Rio Tinto plc's auditors is a Joint Decision Matter and has therefore been considered by Rio Tinto Limited and Rio Tinto plc shareholders at each annual general meeting since the DLC structure was established in 1995.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office for a further year. In accordance with UK company law and good corporate governance practice, shareholders are also asked to authorise the Audit Committee to determine the auditors' remuneration.

## Resolution 17

### Authority to make political donations

Under UK law there is a prohibition against making political donations without authorisation of a company's shareholders in a general meeting.

It is not proposed or intended to alter Rio Tinto's policy of not making political donations, within the normal meaning of that expression.

However, the definitions of political donation, political expenditure and/or political organisation in the UK Companies Act are defined very widely. Because of this, it may be that some of Rio Tinto's activities could fall within this definition and, without the necessary authorisation, Rio Tinto's ability to communicate its views effectively to political audiences and to relevant interest groups could be inhibited. In particular, the definition of political organisations may extend to bodies such as those concerned with policy review, law reform, the representation of the business, community and special interest groups such as those concerned with the environment. As a result, the definition may cover legitimate business activities that would not, in the ordinary sense, be considered to be political donations or political expenditure. The authority that the board is requesting is a precautionary measure to ensure Rio Tinto does not inadvertently breach the UK Companies Act.

Accordingly, the directors believe that supporting the authority sought in this resolution is in the interests of shareholders. Any expenditure which may be incurred under this authority will be disclosed in next year's annual report. Details of political expenditure by Rio Tinto during the past year are set out on page 109 in the 2017 Annual report.

## Resolution 18

### Renewal of off-market and on-market share buy-back authorities

The board is seeking shareholder approval to buy back Ordinary Shares during the period until the 2019 annual general meeting or 1 May 2019 inclusive (whichever is the later) under one or more Buy-Back Tenders or on market, but subject to the cap discussed below. Such authority would expire if a new buy-back approval is given by shareholders, and in any event is in addition to Rio Tinto Limited's ability to undertake buy-backs under the Corporations Act, where shareholder approval is not required.

If any Buy-Back Tender proceeds, a booklet containing further details in relation to the Buy-Back Tender (Buy-Back Booklet), including an invitation to participate and the terms of the relevant Buy-Back Tender, would be sent to shareholders. The terms of any such Buy-Back Tender would not be substantially different from the terms set out in Appendix 3.

Off-market buy-back tenders can provide an advantageous method of returning capital. The benefits of a Buy-Back Tender may include the following:

- a Buy-Back Tender can improve earnings per share and return on equity for shareholders who remain holding Ordinary Shares;
- participation is optional and shareholders have maximum flexibility to determine their participation to suit their own circumstances;
- a Buy-Back Tender allows Rio Tinto Limited to determine the most appropriate number of Ordinary Shares to buy back based on shareholder demand;

- a Buy-Back Tender should allow shareholders whose tenders are accepted to sell Ordinary Shares without incurring the usual brokerage costs; and
- a Buy-Back Tender can provide an efficient means of returning capital to shareholders in Rio Tinto Limited and enables the Rio Tinto Group to maintain a more efficient capital structure and to reduce its cost of capital.

Nonetheless, the board may form the view that it is more appropriate for Rio Tinto Limited to buy back Ordinary Shares on market.

On-market buy-backs allow Rio Tinto Limited to buy back shares over time, depending on market conditions and prices. Any such on-market buy-backs would occur in accordance with the Listing Rules of the ASX from time to time. Currently the Listing Rules state that the price at which Rio Tinto Limited buys back Ordinary Shares on market must not be more than five per cent above the average market price (as that term is defined in those Listing Rules) of Ordinary Shares calculated over the last five days on which sales were recorded on the ASX prior to the day on which shares are to be bought back.

Should the board decide to proceed with buy-backs authorised under this resolution, such buy-backs would only occur if the board believes that they could be undertaken without prejudicing the Group's ability to maintain its dividend policy. The board does not consider that any such buy-backs would pose any significant disadvantage to shareholders.

#### Size of any buy-backs

The authority sought by this resolution permits Rio Tinto Limited to buy back Ordinary Shares up to a limit of 41.2 million Ordinary Shares. This number represents approximately ten per cent of the 412,414,348 Ordinary Shares on issue in the capital of Rio Tinto Limited as at 26 February 2018, being the latest practicable date for information to be included in this notice. Subject to the above limit, the number of Ordinary Shares to be bought back (if any) will be determined by the directors. By way of illustration, if Ordinary Shares with a total value of A\$500 million are bought back under a Buy-Back Tender, and the buy-back price under that Buy-Back Tender is A\$69.32 (this assumes, for illustrative purposes only, that the relevant market value of the time is A\$80.60 and that the tender discount is set at 14 per cent), the number of Ordinary Shares that would be bought back under the Buy-Back Tender would be approximately 7.21 million.

#### Effect on Rio Tinto Limited

##### Financial impact

The consideration paid under any Buy-Back Tenders or on-market buy-backs undertaken pursuant to this resolution would be cash and all Ordinary Shares bought back by Rio Tinto Limited would be cancelled. No decision has been made as to how any future buy-backs would be funded. The board only intends to proceed with such buy-backs and fund them by debt if the funding required for any such buy-backs would be within the debt capacity of the Group and so would not be expected to have any adverse effect on existing operations or current investment plans.

By way of illustration, the purchase of ordinary shares in the company with a total value of A\$500 million at exchange rates prevailing on 31 December 2017 would (if funded by debt), increase the Group's net debt and reduce equity attributable to shareholders by US\$390 million and, on the basis of the Group's 2017 financial statements, would increase the ratio of net debt to total capital by 0.7 percentage points, ie to approximately 7.7 per cent.

If they proceed, the precise impact of any buy-backs would not be known until they are completed as this would depend on the buy-back price paid, the number of Ordinary Shares repurchased and the timing of the repurchases.

##### Effect on control

While all eligible shareholders in Rio Tinto Limited would have an opportunity to participate in any Buy-Back Tender, the percentage of each shareholder's interest which may be bought back under a Buy-Back Tender would depend on a number of factors, including the discounts at which shareholders tender their Ordinary Shares, the number of Ordinary Shares they tender, the ultimate price set under the Buy-Back Tender, any required scale back and the number of Ordinary Shares bought back. The impact of each of these factors would not be known until after a Buy-Back Tender has closed.

Similarly, under any on-market buy-back by Rio Tinto Limited, the percentage of shares bought back from a shareholder would depend on the number they seek to sell, the price at which they offer to sell and the number of shares Rio Tinto Limited buys back.

Given the maximum aggregate size of any buy-backs under resolution 18, they would not be expected to have any change of control implications for Rio Tinto Limited or the Group. On its own, a Buy-Back Tender or an on-market buy-back by Rio Tinto Limited would reduce the number of Ordinary Shares in Rio Tinto Limited on issue as a proportion of the total number of ordinary shares on issue in the Group (that is, the ordinary shares on issue in Rio Tinto Limited and in Rio Tinto plc combined). However, the buy-back of Rio Tinto plc ordinary shares would also reduce the number of Rio Tinto plc ordinary shares on issue. Given the limit on the size of the buy-backs permitted under the authorities being sought, the board believes that even if there is a change in this proportion, it would not have any material impact on the control of the Group or on the relative voting power of the shareholders in each of Rio Tinto Limited or Rio Tinto plc.

#### Other information

##### Share price information

The closing price of Rio Tinto Limited's Ordinary Shares on the ASX on 26 February 2018 was A\$80.60. The highest and lowest closing prices and the average closing prices for the Ordinary Shares on the ASX during each of the last four months were as follows:

| Month                                  | Lowest closing price A\$( <sup>a</sup> ) | Highest closing price A\$( <sup>a</sup> ) | Average closing price A\$( <sup>b</sup> ) |
|----------------------------------------|------------------------------------------|-------------------------------------------|-------------------------------------------|
| February 2018<br>(to 26 February 2018) | \$75.43                                  | \$82.48                                   | \$79.24                                   |
| January 2018                           | \$76.50                                  | \$81.80                                   | \$78.78                                   |
| December 2017                          | \$68.83                                  | \$75.81                                   | \$71.66                                   |
| November 2017                          | \$70.01                                  | \$74.74                                   | \$72.24                                   |

- Based on the closing prices of the company's ordinary shares on the ASX for each trading day over the relevant month.
- Calculated as the average of the closing prices of the company's ordinary shares on the ASX for each trading day over the relevant month.

##### Australian tax considerations

For Australian taxation purposes, a Buy-Back Tender would constitute an "off-market" buy-back. As such, the price paid to shareholders to buy back their Ordinary Shares would have two components for Australian tax purposes: a capital component and a deemed dividend component. The deemed dividend component is eligible to be treated as a franked dividend for tax purposes.

If the board elects to proceed with a Buy-Back Tender, further details on these matters would be provided to shareholders in the relevant Buy-Back Booklet.

For Rio Tinto Limited, if the deemed dividend component were franked, the effect of a Buy-Back Tender would be to reduce its available franking credits.

If Rio Tinto Limited were to undertake an on-market buy-back, all of the price paid to shareholders to buy back their Ordinary Shares would, for Australian taxation purposes, be treated as consideration in respect of the sale of their shares. As such, no part of the price paid would be treated as a deemed dividend and so for a vendor shareholder, the disposal would be treated in the same way as any other disposal of shares on-market by the shareholder. For Rio Tinto Limited, the effect of an on-market buy-back may be to reduce its available franking credits, even though no part of the price paid to shareholders will be treated as a deemed dividend for tax purposes.

While Buy-Back Tenders and/or on-market buy-backs by Rio Tinto Limited may result in a reduction of available franking credits, the board would only undertake such buy-backs where it believed that they would not prejudice Rio Tinto Limited's ability to fully frank its dividends for the reasonably foreseeable future.

#### *Australian Securities and Investments Commission (ASIC)*

Under the Corporations Act, a company is entitled to buy back shares under a selective buy-back (such as a Buy-Back Tender) provided that, among other things, the terms of the relevant buy-back agreement are approved by a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person, or their associates, whose shares are proposed to be bought back. Given that it is not possible to determine at this time whose Ordinary Shares would be acquired under any Buy-Back Tenders, ASIC has granted relief to permit all shareholders in Rio Tinto Limited to vote on resolution 18.

#### *Capital Management Programme*

Rio Tinto completed a US\$1.5 billion buy-back of Rio Tinto plc shares during 2017, comprising the US\$500 million and US\$1 billion on-market share buy-back programmes announced on 8 February 2017 and 2 August 2017 respectively.

An additional US\$2.5 billion was committed to the ongoing share buy-back programme on 21 September 2017, returning the proceeds of the sale of Coal & Allied to shareholders. The A\$750 million off-market share buy-back of Rio Tinto Limited shares was completed on 13 November 2017 and the remaining US\$1.925 million on-market buy-back of Rio Tinto plc shares commenced on 27 December 2017, to be completed no later than 31 December 2018. A further US\$1 billion share buy-back programme of Rio Tinto plc's ordinary shares was announced on 7 February 2018, also to be completed no later than 31 December 2018.

As in previous years, and to facilitate the Group's ongoing capital management programme, Rio Tinto plc shareholder approval will be sought to renew the authority for Rio Tinto plc and Rio Tinto Limited (or any of its subsidiaries) to make on-market purchases of shares in Rio Tinto plc. This includes the authority to allow shares in Rio Tinto plc purchased by Rio Tinto Limited (or any of its subsidiaries) to be repurchased by Rio Tinto plc on the terms set out in an agreement approved by Rio Tinto plc's shareholders and for those shares to be cancelled. If Rio Tinto Limited (or any of its subsidiaries) were to purchase Rio Tinto plc shares on-market it would sell them to Rio Tinto plc for cancellation. From the perspective of the Group's cash and gearing, whether Rio Tinto plc shares are bought back directly by Rio Tinto plc, or bought by Rio Tinto Limited and sold to Rio Tinto plc, is not material, as these transactions are internal to the Group. If a nominal price were paid by Rio Tinto plc for any shares bought from Rio Tinto Limited, it would result in a reduction of Rio Tinto Limited's retained earnings (to the extent of any difference between the price paid for the shares by Rio Tinto Limited and the sale price of those shares to Rio Tinto plc). However, the directors would only proceed if they were confident they could do so without prejudicing Rio Tinto Limited's ability to maintain its dividend policy and to continue to be in a position to fully frank its dividends for the foreseeable future.

No new Ordinary Shares in Rio Tinto Limited have been issued since July 2009. However, to retain additional flexibility in the conduct of its capital management initiatives, the board may consider issuing new shares in connection with employee share and incentive plans.

# Appendix 1 – Summary of the 2018 Equity Incentive Plan

## Summary of key features of the 2018 EIP

The principal terms of the Rio Tinto Limited Equity Incentive Plan 2018 (the Plan) are set out below. It is intended that the Plan will replace Rio Tinto's Performance Share Plan (PSP) 2013, Management Share Plan (MSP) 2007 and Bonus Deferral Plan (BDP).

### Operation

The Plan will be overseen by the Remuneration Committee (the Committee) of the board of Rio Tinto Limited (the company).

### Eligibility and individual limits

Employees, including executive directors, of the company and its subsidiaries and associated companies are eligible to participate in the Plan.

The Committee will decide who will be granted awards and over how many shares. Awards granted to executive directors will be subject to the limits set out in the Group's Remuneration Policy prevailing at the time of grant.

### Types of awards

Awards under the Plan can take the form of:

- Conditional Awards - under which the participant receives shares for free automatically to the extent the award vests (which may be subject to the achievement of performance conditions);
- Forfeitable Shares - under which the participant receives free shares on grant, which must be given back to the extent the award lapses; or
- Options - under which the participant can acquire shares, to the extent their award has vested, either at no cost or at a price set when the option is granted.

The current intention is that awards will be made in the form of Conditional Awards to replicate awards currently made under the PSP, MSP and BDP and in line with the Group's Remuneration Policy. Inclusion of other award types is to provide for sufficient flexibility in the future should the Group's remuneration approach change during the life of the Plan.

Awards may also be granted as cash awards.

### Performance conditions

An award may be granted on the basis that it will normally only vest to the extent that a performance condition, set at the time of grant, is satisfied. However, awards representing deferred bonuses will not be subject to performance conditions.

The vesting of awards granted to executive directors (other than deferred bonus awards) will always be subject to a performance condition, except as otherwise permitted by the Group's Remuneration Policy.

### Dividend equivalents

Conditional awards and nil-cost options will be granted on the basis that the participant will receive dividend equivalents for the vesting period (in additional shares or cash) when, and to the extent that, the award vests or is exercised. The dividend equivalent will be calculated based on the aggregate value of dividends paid during the vesting period unless the Committee decides to use a different approach.

### Vesting of awards

Awards will normally vest, to the extent that any performance condition is met, at the end of a period set when the award is granted or the end of the period over which any performance condition is tested. Shares will be issued or transferred to the participant (or an option may be exercised) from vesting.

Vesting may be delayed where a participant is subject to any external investigation or similar circumstances.

### Retention period

An award may be granted on the basis that the participant is required to hold a net number of vested shares (or shares subject to an option) for a set period following vesting.

### Malus, claw-back and suspension

#### *Malus and claw-back*

Where the Committee determines that an exceptional circumstance has occurred, the Committee may, at its discretion, reduce the number of shares to be received on vesting of an award, or, for a period of two years after the vesting of an award, the Committee can claw-back value from a participant.

The circumstances in which the Committee may exercise such discretion include, but are not limited to:

- fraud or misconduct by a participant or an exceptional event which has had, or may have, a material effect on the value or reputation of any member of the Group (excluding exceptional events which have a material impact on global macroeconomic conditions);
- an error in the Group's financial statements, which requires a material downward restatement or is otherwise material, or where information has emerged which would have affected the size of award granted or vested;
- where the Committee determines that the personal performance of a participant, of their product group or of the Group does not justify vesting or where the participant's conduct or performance has been in breach of their employment contract, any laws, rules or codes of conduct applicable to them or the standards reasonably expected of them;
- the performance of the company, business or undertaking in which a participant worked or works or for which they were or are directly or indirectly responsible is found to have been misstated or based upon any material misrepresentation and which resulted in the award being granted and/or vesting over a greater number of shares than would otherwise have been the case;
- where any team, business area, member of the Group or profit centre in which the participant works or worked has been found guilty in connection with any regulatory investigation or has been in breach of any laws, rules or codes of conduct applicable to it or the standards reasonably expected of it;
- the occurrence of a catastrophic safety or environmental event or events.

#### *Suspension*

The Committee may suspend the vesting of an award (for up to five years) until the outcome of any internal or external investigation is concluded and may then reduce or lapse the participant's award based on the outcome of that investigation. Note that where suspension applies, the two-year claw-back period will not extend beyond the period commencing from the original vesting date.

### Leaving employment

An award will normally lapse if the participant leaves the Company's Group because of resignation, misconduct or any other reason at the discretion of the Committee.

For other leavers, an award subject to a performance condition will normally continue in effect and vest at the normal time, to the extent that the performance condition has been satisfied. However, the Committee can decide that such an award will vest at an earlier time but subject to the extent to which the performance condition has been achieved.

In the case of awards held by an Executive Committee member, which are not subject to performance conditions, including deferred bonus awards, the award will vest on its normal vesting date, in line with the Group's Remuneration Policy. Awards held by participants below

Executive Committee level that are not subject to performance conditions will normally vest on leaving (or on some later date).

Where an award vests on or after leaving, the number of shares will be reduced pro rata to reflect the fact that the participant left early, unless the Committee decides otherwise. However, pro rating will not apply to deferred bonus awards or, normally, where a participant who holds an award subject to a performance condition leaves on or after third anniversary of grant.

If a participant dies, the award will vest on the date of death to the extent described above.

In the context of leavers, to the extent options are granted under the Plan, the options will normally be exercisable for 12 months after the later of the date on which the option vests and the date on which the participant left.

#### **Takeovers and reorganisations**

If there is a takeover of the company, awards will vest subject to the extent to which any performance condition has been satisfied. Alternatively, participants may be allowed or required to exchange their awards for equivalent awards over shares in the acquiring company. If awards vest, the awards will be pro-rated unless the Committee decides otherwise. However, pro rating will not apply to deferred bonus awards or, normally, where an award subject to a performance condition vests on or after the third anniversary of grant.

If there is a demerger or similar event which would affect the current or future value of awards then the Committee can decide that the awards will vest on the same basis as described above for a takeover.

If there is an internal reconstruction, reorganisation, merger or acquisition of the company where there is no significant change in the identity of the ultimate shareholders of the company then the Committee may arrange for the awards to be replaced with equivalent awards over shares in a new parent company.

#### **Adjustment of awards**

The number or type of shares subject to an award may be adjusted to reflect any variation in the share capital of the company, a corporate event which may affect the current or future value of the company's shares or any other significant corporate event affecting the company or any other company with which the company's performance is compared.

#### **Plan limits**

In any ten-year period, not more than ten per cent of the issued ordinary share capital of the company may be issued or be issuable under the Plan and all other employees' share plans operated by the company. In addition, in any ten-year period, not more than five per cent of the issued ordinary share capital of the company may be issued or be issuable under awards granted under all discretionary share plans adopted by the company.

These limits do not include awards which have lapsed. Treasury shares transferred to satisfy an award will be counted as if new shares had been issued for so long as this approach is required by institutional investors.

#### **General**

Awards will normally only be granted within 42 days of the announcement of the company's results for any period. No awards can be granted more than ten years after the Plan is approved by shareholders.

Awards are not transferable (except on death) without Committee consent and cannot be used as collateral.

Awards may be satisfied by the issue of new shares or the transfer of existing shares from treasury or otherwise.

Alternatively, the Committee can decide to satisfy any award in cash instead of shares.

Any shares issued will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

Participants do not pay for the grant of an award. Awards are not pensionable.

#### **Amendments**

The Committee may amend the Plan in any way. Performance conditions can be amended in accordance with their terms or if anything happens which causes the Committee reasonably to consider that the amended performance conditions would be a fairer measure of performance (subject to the prevailing Group's Remuneration Policy, where applicable).

The Committee may, without shareholder approval, establish further plans or add schedules to the Plan which are based on the Plan but modified to take account of local tax, exchange control or securities laws in non-Australian territories. Any shares made available under such arrangements will count towards the individual and overall Plan limits.

## Appendix 2 – Potential termination benefits

Shareholder approval is being sought for the purposes of sections 200B and 200E of the Corporations Act 2001 (the Act) for any termination benefits given under the 2018 EIP that may be provided to individuals (Relevant Executives) who hold, or held in the last three years prior to cessation of employment a managerial or executive office, as defined in the Act, in Rio Tinto Limited or a related body corporate, including Key Management Personnel (KMP) (which includes all Rio Tinto directors) and directors of subsidiary companies of Rio Tinto Limited.

The amount or value of a termination benefit that a Relevant Executive may be entitled to under the 2018 EIP will depend on a number of factors. Accordingly, it is not possible to confirm the amount or value of a payment or benefit that may become payable under the 2018 EIP. Rather, the table below sets out a range of potential benefits under the 2018 EIP that may be treated as potential termination benefits, the manner in which the amount or value of that benefit may be calculated and the matters, events or circumstances that will, or will be likely to, affect the calculation of that amount or value.

It can be reasonably anticipated that aspects of the 2018 EIP will be amended from time to time in line with market practice and changing governance standards and, where relevant, these changes will be reported in Rio Tinto's Remuneration Report, which forms part of the Annual report. However, it is intended that this approval will remain valid for as long as the 2018 EIP provides for the treatment on cessation of employment as set out in this appendix.

**Table 1: Potential benefits and relevant circumstances**

### Potential benefits

Grants made under the 2018 EIP to Relevant Executives will be retained where they cease employment and will vest at the scheduled vesting date, except that:

- awards will lapse if the Relevant Executive leaves the Group due to resignation, misconduct or any other reason at the discretion of the Remuneration Committee (the Committee);
- awards may lapse if the Relevant Executive breaches any applicable restrictions on competition, solicitation or the use of confidential information;
- awards held by a Relevant Executive below Executive Committee level that are not subject to performance conditions may vest on leaving;
- awards subject to a performance condition will be subject to the satisfaction of the performance condition/s;
- the Committee can decide that an award subject to a performance condition will vest before the scheduled vesting date, but subject to the extent to which the performance condition has been achieved;
- awards that vest on or after cessation will be reduced pro rata to reflect the fact that the Relevant Executive's employment ceased before the scheduled vesting date. Pro rating will not apply to an award subject to a performance condition where the Relevant Executive leaves on or after third anniversary of grant or to deferred bonus awards;
- if a Relevant Executive dies, the award will vest on the date of death; and
- any options will be exercisable for 12 months after the later of the date on which the option vests and the date on which the Relevant Executive ceased employment. However, if a Relevant Executive leaves employment because of misconduct or breach of the terms of their employment after options have vested, the options will lapse.

Most of the exceptions are subject to the Committee's discretion to vary the vesting date and/or the number of awards that will vest.

The Committee does not intend to exercise any discretion to accelerate the vesting of any awards for any member of the Executive Committee when they leave the Group. Any dividend equivalent shares will be calculated on vested shares. The Committee may determine to satisfy an entitlement under an award by paying the equivalent cash amount. The value of awards will be equal to the market price of the shares on vesting.

### Relevant circumstances

The circumstances of the Relevant Executive's cessation of employment (for example, whether cessation of employment arises due to resignation, misconduct, death or some other reason).

Whether the Relevant Executive is employed below Executive Committee level.

The number of awards held by the Relevant Executive prior to cessation of employment.

The vesting date.

The time period served by the Relevant Executive from the date of award to the date of cessation of employment as a proportion of the vesting period.

The performance conditions (if any) and achievement of those conditions.

The number of awards that vest.

The Rio Tinto share price at the relevant time.

The applicable statutory requirements of the jurisdiction in which the Relevant Executive is employed and any change in those requirements.

Any other factors that the Committee determines to be relevant when exercising discretion (such as the assessment of the performance of the Relevant Executive up to the termination date).

In all cases, treatment will be subject to, and in accordance with, these explanatory notices, the Remuneration Policy, the terms of the 2018 EIP, and the law. For example, the Committee retains the discretion in certain circumstances to reduce the level of vesting of an award, determine that an award does not vest or claw-back an award made after vesting. Nothing in this approval is intended to limit the exercise of such discretion.

# Appendix 3 - Summary of terms of any Buy-Back Tenders

## Off-market tenders

Any Buy-Back Tender would be conducted as an off-market buy-back tender. An off-market buy-back tender involves Rio Tinto Limited inviting each shareholder who is eligible to participate to tender to sell Ordinary Shares to Rio Tinto Limited on the terms to be set out in the relevant Buy-Back Booklet. If Rio Tinto Limited accepts the tender, then a buy-back agreement is formed on those terms.

Participation in a Buy-Back Tender would be on a voluntary basis. Eligible shareholders would not have to sell their Ordinary Shares if they did not want to. Shareholders would also have the right to withdraw tenders during the period in which tenders can be made (the Tender Period), subject to complying with specified notification procedures. The principal terms of any Buy-Back Tender would be substantially as follows below.

## Tender process overview

Each shareholder eligible to participate in a Buy-Back Tender would be able to submit a tender if they wish to sell Ordinary Shares. The tender must specify the number of Ordinary Shares the shareholder offers to sell, which may be up to all of their holding as at the relevant record date, and must specify the nominated discount(s) (within the tender discount range to be specified in the relevant Buy-Back Booklet) to the relevant market price at which the shareholder offers to sell their tendered Ordinary Shares. For these purposes, the relevant market price would be the volume weighted average price of all trades of Ordinary Shares on ASX's trading platform during the five trading days up to and including the closing date of the Tender Period, including the closing single price auction but excluding not "at-market" trades (eg special crossings, crossings prior to the commencement of the open session state, crossings during overnight trading, overseas trades, trades pursuant to the exercise of options over Ordinary Shares, and any other trades that the directors determine to exclude on the basis that the trades are not fairly reflective of natural supply and demand) (VWAP). Details would be in the relevant Buy-Back Booklet. The specified tender range would be a range of discounts at one per cent intervals. The largest discount is expected to be no less than 14 per cent, but it could be greater, and the smallest discount would not be less than five per cent, but it could be greater.

Shareholders would be able to submit offers to sell different blocks of their shareholding for different discounts within the specified tender discount range, subject to the rule for shareholders with Small Shareholdings (described below). Alternatively, shareholders would be able to submit a "Final Price Tender". A Final Price Tender is a tender in which the shareholder elects to receive the Buy-Back Price (described below) determined through the tender process. The tender form for a Buy-Back Tender may also specify a range of prices (in specific dollar amounts) which can be chosen by tendering shareholders as the minimum price at which they wish to have their Ordinary Shares bought back (Minimum Price), having first selected their tender discount. In that scenario, if the Buy-Back Price under a Buy-Back Tender is below the Minimum Price selected by the shareholder, that tender would not be accepted.

After the close of the Tender Period, Rio Tinto Limited would determine the largest discount within the tender range (the Buy-Back Discount) which would enable Rio Tinto Limited to buy back the number of Ordinary Shares that it determines to buy back. All shareholders submitting successful tenders would receive the same price (the Buy-Back Price) for each Ordinary Share bought back from them. If the buy-back proceeds, Rio Tinto Limited would accept Ordinary Shares tendered at a discount which is equal to or greater than the Buy-Back Discount or as a Final Price Tender subject to the scale back mechanism (as described below).

After the close of the Tender Period, Rio Tinto Limited's shareholders would be advised by announcement to the ASX of the total number of Ordinary Shares to be bought back, the Buy-Back Discount and the Buy-Back Price.

## Shareholders with Small Shareholdings

It is likely that any shareholder who has a Small Shareholding (ie a registered holding of a number of Ordinary Shares equal to or less than the number specified in the relevant Buy-Back Booklet) would be able to tender all but not some of their Ordinary Shares under a Buy-Back Tender and they would only be able to do so at only one of the specified discounts or as a Final Price Tender.

## Scale back mechanism

If the total number of Ordinary Shares tendered at a discount, which is equal to or greater than the Buy-Back Discount and as Final Price Tenders is more than the number of Ordinary Shares Rio Tinto Limited wishes to buy back, then a scale back mechanism would be applied. The mechanism would most likely operate as follows.

- (a) Where the Buy-Back Discount is lower than the maximum discount in the tender discount range:
  - (i) Tenders at a discount smaller than the Buy-Back Discount would be rejected;
  - (ii) Tenders conditional on a Minimum Price that is greater than the Buy-Back Price would be rejected;
  - (iii) Tenders at a discount greater than the Buy-Back Discount and Final Price Tenders would be accepted in full;
  - (iv) A Priority Allocation (see below) would be bought back from each shareholder who tendered Ordinary Shares at a discount equal to the Buy-Back Discount;
  - (v) Excluded Tenders (see below) would be accepted in full; and
  - (vi) Ordinary Shares tendered at a discount equal to the Buy-Back Discount (other than Final Price Tenders, Priority Allocations and Excluded Tenders) would be scaled back on a pro rata basis.
- (b) Where the Buy-Back Discount is equal to the maximum discount in the tender discount range:
  - (i) Tenders at a discount smaller than the Buy-Back Discount would be rejected;
  - (ii) Tenders conditional on a Minimum Price that is greater than the Buy-Back Price would be rejected;
  - (iii) A Priority Allocation (see below) would be bought back from each shareholder who tendered Ordinary Shares at a discount equal to the Buy-Back Discount or as a Final Price Tender;
  - (iv) Excluded Tenders (see below) would be accepted in full; and
  - (v) Ordinary Shares tendered at a discount equal to the Buy-Back Discount and as Final Price Tenders (other than Priority Allocations and Excluded Tenders) would be scaled back on a pro rata basis.

If a scale back is applied, all fractions would be rounded down to the nearest Ordinary Share.

## Excluded Tenders

An Excluded Tender is a tender submitted by a shareholder who tenders all of their Ordinary Shares at a discount equal to or greater than the Buy-Back Discount or as Final Price Tenders and who would have a shareholding below a specified threshold as a result of a scale back.

## Priority Allocation

In the event of a scale back, a Priority Allocation would apply as described above in respect of up to the number of Ordinary Shares as specified in the relevant Buy-Back Booklet to be the Priority Allocation that is successfully tendered by each shareholder.

## Effect of Buy-Back Tender on voting rights and dividend rights

Shareholders would be entitled to vote (in accordance with the voting rights attached to their Ordinary Shares) at any meeting of Rio Tinto Limited that is held during the relevant Tender Period, even if they have lodged a tender to sell some or all of their Ordinary Shares to Rio Tinto Limited under a Buy-Back Tender.

Shareholders would also be entitled to any dividends (in accordance with the dividend rights attached to their Ordinary Shares) where the record date for the dividend occurs prior to the date on which Rio Tinto Limited enters into the buy-back agreements with shareholders under a Buy-Back Tender.

Once a buy-back agreement is entered into in respect of Ordinary Shares tendered, by operation of the Corporations Act the rights attaching to those Ordinary Shares would be suspended and immediately after the registration of the transfer of Ordinary Shares bought back by Rio Tinto Limited, the Ordinary Shares would be cancelled.

### **Buy-Back Price**

The consideration for a buy-back of Ordinary Shares under a Buy-Back Tender would be a cash amount determined in accordance with the following formula:

$$A = B \times (1 - C)$$

Where:

- A is the Buy-Back Price (that is, the price per Ordinary Share, rounded to the nearest cent, to be paid for all Ordinary Shares bought back under the Buy-Back Tender).
- B is the relevant VWAP (as discussed above).
- C is the Buy-Back Discount.

So, for example, if the relevant VWAP (ie B) is A\$80.50, and the Buy-Back Discount (ie C) is 14 per cent, the Buy-Back Price would be A\$69.23 (ie A\$80.50 (1 – 0.14)).

### **Eligible Shareholders**

Rio Tinto Limited would invite all holders of Ordinary Shares (on its register on the record date used to determine entitlements to participate in a Buy-Back Tender) to make an offer to have Ordinary Shares bought back by Rio Tinto Limited under a Buy-Back Tender, save that the board reserves the right not to extend the invitation to participate to shareholders resident outside Australia and New Zealand and, in any event, shareholders will not be able to participate to the extent that any laws prevent or restrict participation (eg Rio Tinto Limited may be prevented or restricted from paying any proceeds to particular shareholders).

Further information would be set out in the relevant Buy-Back Booklet provided in respect of a Buy-Back Tender.

# General information

View our Annual report at [riotinto.com/ar2017](http://riotinto.com/ar2017)

## Investor Centre

At Rio Tinto we want shareholders to take advantage of electronic communications. By signing up to receive e-communications you will be helping to reduce print, paper and postage costs and the associated environmental impact.

To sign up for e-communications visit [investorcentre.com/rio](http://investorcentre.com/rio)

Investor Centre is a free, secure, self-service website, where shareholders can manage their holdings online. The website enables shareholders to:

- View share balances;
- Change address details;
- View payment and tax information; and
- Update payment instructions.

Shareholders who register their email address on Investor Centre can be notified electronically of events such as annual general meetings, and can receive shareholder communications such as the Annual report, Notice of meeting and other shareholder communications electronically.

## Share registry

Please contact our registrar if you have any queries about your shareholding:

Computershare Investor Services Pty Limited  
GPO Box 242, Melbourne, Victoria 3001, Australia

[investorcentre.com/rio](http://investorcentre.com/rio)

Telephone: +61 (0) 3 9415 4030

Fax: 1800 783 447 (within Australia)

or +61 (0) 3 9473 2555

Australian residents only, toll free: 1800 813 292

New Zealand residents only, toll free: 0800 450 740

## Location

The address of the Sofitel Melbourne On Collins is 25 Collins Street, Melbourne. It is in the Melbourne CBD, in the block bounded by Collins Street, Spring Street, Flinders Lane and Exhibition Street. It can be accessed by the entrances on Collins Street or Flinders Lane. The Grand Ballroom is located on Level 1. There is lift access to the promenade (Level 1) from the Sofitel Melbourne On Collins driveway. Contact the hotel on 1300 656 565 for any further assistance.

## Security

Security measures will be in place to ensure your safety. Please note that bag searches will be in operation and any items deemed inappropriate will be removed and stored in the cloakroom until the end of the event.

