

Remuneration Policy (as approved in 2021)

Remuneration Policy introduction

This Policy applies to our executive and non-executive directors and to the Chairman. In accordance with Australian law, it also sets out the broad policy principles that apply to members of the Executive Committee who are not directors.

Shareholders should note that our Policy is binding only in so far as it relates to directors. The implementation of this Policy for executives who are not directors may therefore vary from that of the executive directors.

In determining the new Policy the Committee followed a robust process which included multiple discussions regarding the content of the Policy taking into account the needs of the business and evolving market and best practice. The Committee considered input from both management and our independent advisers while ensuring that conflicts of interest were appropriately managed.

The overall structure of the new Policy remains broadly unchanged from the Policy previously approved by shareholders in 2018. Updates to the Policy largely reflect evolving corporate governance and market practice, with minor changes being made to aid the operation of the Policy. These changes include a reduction to pension for new executives to reflect arrangements operated for the wider employee population, the introduction of an ESG component into STIP and a reduction to the LTIP maximum award level to 400% of salary (from 438%).

Our remuneration policies, principles and practices

Our values of safety, teamwork, respect, integrity and excellence reflect who we are and what we stand for as a business. They guide the Committee in its decision making and are foundational to our remuneration-related policies, principles and practices.

Our first priority is to allocate remuneration resource wisely. We want our pay policies to be regarded as fair by employees and shareholders alike to reward both short and long-term performance and to reinforce the values and collective individual behaviours that drive sustainable performance. Although we believe that our Policy is fit for purpose, the Committee retains the discretion to override unforeseen and inappropriate mechanistic outcomes.

High-quality people, who are capable of managing and growing the business, are essential to generate superior returns for our shareholders. Rio Tinto operates in global and local markets where it competes for a limited pool of talented executives and our remuneration strategy is therefore designed to attract and retain the people that we need. We recognise that remuneration represents just one of the factors that encourage the attraction and retention of talent. We also seek to engage our employees over the long-term, to foster diversity, and to provide challenging work and development

Alignment with the UK Corporate Governance Code

The UK Corporate Governance Code principles for developing a remuneration policy have been addressed as follows:

Principle	Remuneration Policy
Clarity	Our Policy is set out in a fully transparent manner. Communications and engagement with stakeholders promotes clarity around all elements of the Policy.
Simplicity	We have further simplified aspects of the new Policy to enhance transparency and aid understanding.
Risk	The incentive arrangements have been structured to support effective risk management. This includes a strong focus on long-term success. Risks include non-financial risk, such as safety, the environment and heritage protection. Malus, clawback and suspension provisions apply to all variable remuneration which allow for performance adjustment in the event of risk management failures.
Predictability	The remuneration outcomes under the different performance scenarios (threshold, target, and outstanding) are clearly set out with an estimate of potential maximum outcome if share price increased by 50%. See charts on page 6.
Proportionality	The Policy maintains a strong link to strategy and performance. This is set out in the Policy table on pages 6-8. The Committee also has discretion over all variable remuneration outcomes.
Alignment to culture	Our incentive plans are aligned with our strategic focus on long-term sustainable growth and a focus on safety, team work, respect, integrity and excellence.

opportunities. Our people strategy is underpinned by our commitment to safety and our other core values of respect, integrity, excellence and teamwork.

Competitive remuneration linked to performance and shareholder value creation

Remuneration is linked to performance targets over both the short and long-term, to ensure that executive rewards are aligned to the delivery both of short-term priorities and long-term sustainable growth in shareholder value. In order to assess the competitiveness of the packages we offer, we benchmark ourselves against other companies in the FTSE 30 (excluding financial services companies), which typically have similar global reach and complexity, and other international mining and natural resources companies. The outcomes of these benchmarking exercises form just part of our consideration of the appropriate level of remuneration packages, but we would not expect either base salaries or the expected outcome of our short and long term incentive plans to deviate markedly from the median of these comparator groups. The actual outcome will depend on business and individual performance.

We take salary increases in the broader employee population into account in determining any change to the base salary of executives and consult with shareholders on the design of our short and long-term incentive plans to ensure that they are aligned with shareholder interests and priorities. We do not formally consult with our employees on the Policy, but approximately 50% of the workforce are shareholders through participation in our employee share plans and therefore have the right to vote on the Remuneration Report. Employees are invited to ask questions or express opinions through our normal employee communications channels.

Performance under the STIP is measured over one year based on a balanced scorecard including safety, financial, individual and from 2021 onwards ESG metrics. We recognise the importance of ensuring targets are achieved in the right way and are aligned to the company's values. Therefore in considering STIP outcomes, we also consider the extent to which outcomes are in accordance with our values. 50% of the STIP for executives is delivered in deferred shares that vest after three years.

Performance under the long-term incentive plan (LTIP) is measured over five years and awards are typically delivered in shares together with cumulative dividends.

Our share ownership policy requires executives to build up and maintain a material shareholding in the company as described in the Implementation Report.

Executive remuneration structure – Policy table

The Policy set out on the following pages is designed to provide a total remuneration package that is appropriately balanced between fixed and variable components, with an emphasis on long-term variable pay. The remuneration structure for executives, including the relationship between each element of remuneration and Group performance, is summarised below.

Further details on the KPIs used to assess Group performance are provided in the Strategic Report.

Any commitment made before this Policy takes effect or before an executive became or becomes a director will be honoured even if it is not consistent with this or any subsequent Policy.

Remuneration arrangements – Fixed

Base salary

[Link to Group performance and strategy](#)

- We pay competitive salaries to hire, motivate and retain highly competent people drawn from a global talent pool.

Operation

- Base salary provides the main fixed element of the remuneration package.
 - Base salaries are reviewed annually, with a maximum individual increase of 5% plus CPI per annum. An individual increase may be higher than this in the circumstances described below.
 - Any increase is generally aligned with the average base salary increases applying to the broader employee population unless there were significant changes to an individual's role and/or responsibilities during the year. Any increases are determined with reference to underlying Group and individual performance, global economic conditions, role responsibilities, an assessment against relevant comparator groups and internal relativities.
 - An increase above the maximum noted above may be made in the event of promotion or increase in responsibility or where the executive's base salary is significantly below market positioning.
 - Benchmarking is undertaken periodically but not annually, and our intention is to apply judgment in evaluating market data.
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Pension or superannuation

[Link to Group performance and strategy](#)

- We provide locally competitive post-employment benefits in a cost-efficient manner in order to hire and retain.

Operation

- Employment benefits typically include participation in a pension plan, superannuation fund, or a cash allowance to contribute to a personal pension or superannuation fund, which are aligned with the arrangements for the broader workforce of the country of residence.
 - The maximum annual benefit is set to reflect the pension arrangements for the wider employee population. This is currently capped at 14% of salary but may be adjusted to reflect changes in arrangements for the wider employee population.
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Other benefits

[Link to Group performance and strategy](#)

- We provide competitive other benefits in a cost-efficient manner in order to hire and retain.

Operation

- Other benefits may include, but are not limited to, private healthcare cover for the executive and their dependents, life insurance, accident insurance, professional advice, participation in local flexible benefit programmes and certain other minor benefits (including modest retirement gifts in applicable circumstances, occasional spouse travel in support of the business, any Rio Tinto business expenses which are deemed to be taxable and any tax the company has paid on their behalf).
 - Secondment, relocation and localisation benefits (for example, housing, tax equalisation, cost of living allowance, periodic visits home for the executive and their family and where relevant, transfer and localisation payments) may also be made to and on behalf of executives living outside their home country.
 - Other benefits are paid at cost and, given the nature and variety of the items, there is no formal maximum level of company contribution.
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Remuneration arrangements – Performance-related (At risk)

Short-term incentive plan (STIP)

Link to Group performance and strategy

- STIP focuses participants on achieving demanding annual performance goals, which are based on the Group's priorities, in pursuit of the creation of sustainable value for our stakeholders.
- We demand that sustainable business practices are adhered to, particularly in the context of safety and ESG.
- We consider the individual performance of our executives against our values. The way we work outlines how we deliver both our purpose and strategy. It makes clear how all employees should behave, in accordance with our values of safety, team work, respect, integrity and excellence.

Operation

- Nil award for threshold performance and 100% for outstanding. Between threshold and outstanding, the award is normally pro-rated on a straight line basis between these points.
- The maximum award is capped at 200% of base salary for all executives. Any outcome from the formulaic STIP calculation is subject to the exercise of discretion by the Committee.
- A scorecard based on the Group's priorities is established for each executive at the commencement of the financial year. The measures and the relative weightings are selected by the Committee in order to drive business performance for the current year, including the achievement of financial, safety, ESG and other individual business outcomes that are priorities for the financial year in question. At least 50% of the measures will relate to financial performance and a significant component will relate to safety performance.
- We expect to disclose the measures, weightings and targets for safety and ESG goals at the beginning of each year. In the area of financial and individual goals, we will, at the beginning of each year, disclose the measures and weightings only, because we regard the targets as commercially sensitive. However, we intend to disclose these targets and outcomes retrospectively.
- In making its year-end determination of STIP awards, the Committee seeks to ensure that actual performance is directly comparable to the targets set at the beginning of the year. This may result in adjustments to the targets or to the assessed results being made by the Committee (in particular to take account of events outside management's control), to ensure a like-for-like comparison. Both upward and downward adjustments can be made, with reference to principles agreed by the Committee, to ensure the outcomes are fair.
- Safety KPIs comprise a significant portion of the STIP for executives, and any fatality will have a material impact on the STIP result for all executives.
- Malus, clawback and suspension provisions that apply are set out later in the Policy.

Bonus deferral

Link to Group performance and strategy

- Ensures ongoing alignment between executives and shareholders through deferral of part of the STIP award into Rio Tinto shares.

Operation

- Normally 50% of the STIP is delivered in bonus deferred shares (known as a Bonus Deferral Award (BDA)) with the remainder delivered in cash with no deferral.
 - BDAs normally vest in the December of the third year after the end of the STIP performance year to which they relate.
 - Dividends (or equivalents) may accrue in respect of any BDA that vest.
 - Where permitted by the plan rules, and where the Committee so decides, awards may be made or satisfied in cash in lieu of shares. Awards are normally, but not exclusively, granted with an intention to settle in shares.
 - BDAs vest on a change of control.
 - Malus, clawback and suspension provisions that apply are set out later in the Policy.
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Remuneration arrangements – Performance-related (At risk)

Performance Share Awards (PSA) under the long-term incentive plan (LTIP)

Link to Group performance and strategy

- PSAs are designed to provide a simple and transparent mechanism for aligning executive reward with the execution of an effective business strategy that delivers superior long-term shareholder returns.
- Award levels are set to provide substantive focus on and reward long-term performance. PSAs are the most significant component within the remuneration package and are calibrated so as to ensure the overall competitiveness of the remuneration package.

Operation

- PSAs are conditional share awards (or economic equivalent) that vest subject to the achievement of stretching performance conditions and continued employment.
 - The Committee will set performance conditions aligned with the Group's long-term strategic objectives for each PSA grant. Relative TSR has been chosen as the current measure of long-term performance as it provides an objective external assessment over a sustained period on a basis that is familiar to shareholders. Whilst we expect TSR will remain a key performance metric, the Committee retains the discretion to adjust the performance measures and weightings as appropriate. For the 2021 awards, there is no intention to make any adjustments to the two TSR performance metrics and their weighting.
 - PSA are normally only released after five years. Currently awards are subject to a five-year performance period.
 - Awards have a maximum face value of 400% of base salary which is currently determined using the average share price of the prior financial year. Actual annual award levels may vary for each executive.
 - Threshold performance would result in the vesting of up to 22.5% of the face value of an award.
 - Dividends (or equivalents) may accrue in respect of any PSA that vest.
 - Where permitted by the plan rules, and where the Committee so decides, awards may be made or satisfied in cash in lieu of shares. Awards are normally, but not exclusively, granted with an intention to settle in shares.
 - Awards and performance conditions may be adjusted to take account of variations of share capital and other transactions. Subject to this Policy, performance conditions may also be amended in other circumstances if the Committee considers that a changed performance condition would be a fairer measure of performance.
 - If there is a change of control, awards will vest to the extent performance conditions are then satisfied. Unless the Committee determines otherwise, if the change of control happens during the first 36 months from the date of grant of the award, the number of shares that can vest will be reduced pro rata. The Committee may, alternatively, with agreement of an acquiring company, replace a PSA with equivalent new awards over shares in the acquiring company.
 - The Committee retains the discretion, where circumstances warrant, to amend performance conditions under the relevant plan rules. The Committee will seek to ensure that outcomes are fair and that they take account of the overall performance of the company during the performance period.
 - Malus, clawback and suspension provisions apply (see page 5).
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Shareholding guidelines

Link to Group performance and strategy

- Shareholding guidelines align executives' interests with those of shareholders.

Operation

- The Group understands the importance of and expects executives to build up and maintain a material shareholding in Rio Tinto. Executives should aim to reach a share ownership (defined below) in Rio Tinto shares equivalent in value to:

Chief Executive

4 x base salary

Other executives

3 x base salary for the Chief Financial Officer and up to 3 x base salary for other executives.

- The Committee generally expects executives to build up their shareholding over a five-year period. Longer periods may be accepted for new appointments, given the five-year vesting period for the PSA.
- Shares are treated as "owned" if they are not subject to restriction (e.g. additional performance conditions), which includes shares directly held by an executive and any shares where there is a beneficial interest. A beneficial interest includes any shares for which an executive receives the benefit of ownership (such as a right to receive dividends) without directly owning the shares. Given its mandatory nature and the absence of performance conditions, a value for unvested BDA is included with a 50% discount for the likely effects of taxation.
- Executive directors are expected to continue to meet the share ownership policy for two years after stepping down from the Board (or if the holding requirement is not met at this date, the relevant holding at the time). When considered alongside the existing leaver provisions for share awards, this will ensure that executive directors will remain aligned with shareholders for an extended period after ceasing employment.
- The Committee retains the discretion to enforce shareholding requirements through the application of malus to unvested share awards and/or scale back of future grants.

Malus, clawback and suspension

"Malus", "clawback" and "suspension" provisions will apply to STIP and LTIP awards.

Under both the "malus" and "clawback" provisions, where the Committee determines that exceptional circumstances exist, 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 clawback value from a participant.

The circumstances under which the Committee exercises such discretion may include, inter alia:

- any 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 an exceptional event or events which have a material adverse effect 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 since the award date 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 a person in their position.
- the performance of the company, business or undertaking in which a participant worked or works or for which he or she was or is 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.
- where the Committee determines that there has been material damage to the Group's social licence to operate.
- a catastrophic safety or environmental event or events occurring in any part of the Group.

Under the suspension provisions, 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 24-month clawback period will not extend beyond the period commencing from the original vesting date.

Discretion

The Committee recognises the importance of ensuring that the outcomes of the Group's executive pay arrangements described in this Policy properly reflect the Group's overall performance and risk appetite.

The Committee therefore reserves the right to review all remuneration outcomes arising from mechanistic application of performance conditions and to exercise discretion to make adjustments where such outcomes do not properly reflect underlying performance or the experience of shareholders or other stakeholders.

The Committee may at its discretion adjust and/or set different performance measures if events occur (such as a change in strategy, a material acquisition or divestment, a catastrophic safety or environmental incident, a change in control or other unexpected event) which cause the Committee to determine that the measures are no longer appropriate or in the best interests of shareholders or other stakeholders, and that amendment is required so that the measures, as far as possible, achieve their original purpose. Such discretion will be exercised judiciously and clearly disclosed and explained in the Implementation Report.

Any discretionary adjustments for directors will be disclosed in the Implementation Report for the relevant financial period.

Total remuneration opportunity

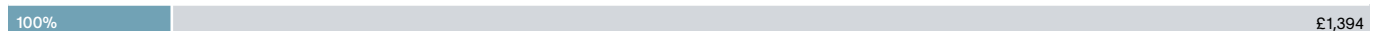
The following charts provide an indication of the minimum, target and maximum total remuneration opportunity, subject to shareholder approval of the Remuneration Policy for the executive directors, together with the proportion of the package delivered through fixed and variable remuneration. The STIP and PSA are both performance-related remuneration.

Potential value of 2021 remuneration package

CEO

(£'000)

Minimum



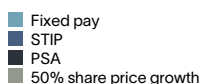
Target



Maximum



Maximum + 50% share price growth



The following table provides the basis for the values included in the charts above:

Fixed (stated in £'000)	Base salary ^(a)	Pension	Benefits ^(b)	Total
Jakob Stausholm	£1,150	£161	£83	£1,394

(a) Base salary is the latest known salary.

(b) The value of benefits is as per the 2020 benefits figure in the single total figure of remuneration table, as set out in the Implementation Report.

Performance-related (At risk)

Target STIP and LTIP performance	<ul style="list-style-type: none"> – A STIP award of 50% of the maximum award (equates to 100% of base salary) – Expected value of 2021 PSA of 50% of face value, calculated as 200% of base salary
Maximum STIP and LTIP performance	<ul style="list-style-type: none"> – A maximum STIP award of 200% of base salary – Full vesting of 2021 PSA, calculated as 400% of base salary

(a) PSAs granted under the LTIP consist of share awards only, measured at 2021 face value. This does not constitute an estimate of the value of awards that may potentially vest with respect to year-end 31 December 2025. An assumed 50% growth in share price has been included in the final illustration. No assumption has been made for payment of dividends.

(b) Further details of the 2021 PSA are disclosed in the 2020 Implementation Report.

Recruitment remuneration

The table below sets out the policy for both internal and external recruitment. No form of “golden hello” will be provided upon recruitment. In the case of internal appointments, existing commitments will be honoured.

Element	Recruitment policy
Base salary	We aim to position base salary at an appropriate level, taking into consideration a range of factors including the executive’s current remuneration and experience, internal relativities, an assessment against relevant comparator groups and cost. If a new executive director is initially appointed at a lower rate, the Committee retains the ability to award larger increases in subsequent years in order to realign the salary over time as the individual develops in the role.
Pension or superannuation	Consistent with Policy table.
Other benefits	Will be established in line with our Policy.
Short-term incentive plan (STIP)	Eligible to take part in our STIP with maximum opportunity capped at 200% of salary.
Performance Share Awards (PSA) under long-term incentive plan	Maximum face value of 400% of base salary in line with our Policy.
Buy-out awards	Any compensation provided to an executive recruited from outside the Group for the forfeiture of remuneration arrangements on joining is considered separately to the establishment of forward-looking annual remuneration arrangements. Our policy with respect to such “buy-outs” is to determine a reasonable level of award, on a like-for-like basis, consisting primarily of equity-based awards, but also potentially cash, taking into consideration the quantum of forfeited awards, their performance conditions and vesting schedules. The Committee will obtain an independent external assessment of the value of awards proposed to be bought out and retains discretion, subject to the considerations noted above, to make such compensation as it deems necessary and appropriate to secure the relevant executive’s employment. The Committee’s intention is that buy-out compensation should include, where appropriate, performance conditions and equivalent time frames for release.
Relocation-related support	If the Committee concludes that it is necessary and appropriate to secure an appointment, relocation-related support and international mobility benefits may be provided depending on the circumstances and in line with the Group’s broader approach. Any relocation arrangements will be set out in the Implementation Report.

Executives’ service contracts and termination

Under normal circumstances, executive directors will be offered service contracts which can be terminated by either party with up to 12 months’ notice in writing. In exceptional circumstances, an initial notice period of up to 24 months during the first two years of employment, reducing to up to 12 months thereafter, may be necessary to secure an external appointment. In some circumstances, it may also be appropriate to use fixed-term contracts for executive directors.

Other executives are offered service contracts which can be terminated by the company with up to 12 months’ notice in writing, and by the employee with either six or up to 12 months’ notice in writing.

The contracts for executives include appropriate non-compete and restrictive covenants.

The current contract terms of directors and the other executives are included in the Implementation Report. The letters of appointment are available for inspection at Rio Tinto plc’s registered office, and at its AGM.

Executives may be required to go on “garden leave” during all or part of their notice period and may receive their base salary, STIP and other benefits during the notice period (or the cash equivalent). Where applicable, tax equalisation and other expatriate benefits will continue in accordance with the executive’s prevailing terms and conditions.

If termination is a result of redundancy, the terms of the relevant local policy or practice will apply in the same way as for other local employees.

The STIP and LTIP rules govern the entitlements that executives may have under those plans upon termination of employment.

The concept of an “eligible leaver” is defined in the relevant plan rules. In general terms, an eligible leaver is an executive who leaves the Group by reason of ill-health; injury; disability (as determined by the executive’s employer); retirement with company consent; redundancy; transfer of the undertaking in which the executive works; change of control of the executive’s employing company; or death. In addition, the plan rules afford discretion to the Committee to award eligible leaver status in other circumstances.

In the case of dismissal for cause, the company can terminate employment without notice and without payment of any salary or compensation in lieu of notice. Outstanding awards under any of the Group’s long-term incentive plans may be forfeited in these circumstances.

If an executive resigns or is dismissed for misconduct, or as the result of malus being applied in accordance with the plan rules, share awards will lapse.

The table below sets out the policy on termination for eligible leavers:

Element	Termination policy
Base salary, pension and other benefits	<p>Pay of base salary in lieu of any unexpired notice which may be paid progressively in instalments over the notice period. The Committee will for executive directors (to the extent permitted by relevant law) have regard to the executive director's ability to mitigate his or her loss in assessing the payment to be made.</p> <p>Executive directors and their dependants may also be eligible for post-retirement benefits such as medical and life insurance. The company may also agree to continue certain other benefits for a period following termination where the arrangements are provided under term contracts or in accordance with the terms of the service contract, for example, payment for financial advice, tax advice and preparation of tax returns for a tax year. In some cases, they may receive a modest leaving gift.</p>
Short-term incentive plan	<p>If an eligible leaver leaves the Group during a performance year, the Committee may determine in its absolute discretion to award a pro rata portion of the STIP based on the amount of the year served and based on actual assessment of performance against targets. Any cash payment will be made at the normal STIP payment date and no portion of the award will be deferred into shares.</p> <p>If an executive provides the company notice of their resignation during the performance year, but does not leave the Group until after the end of the performance year, the Committee may determine in its absolute discretion to make an award under the STIP. In these circumstances, the executive will only be eligible to receive the cash portion of the award and will forfeit the deferred shares portion. Any cash payment will be made at the normal STIP payment date.</p> <p>No STIP award will be made where an executive who is not an eligible leaver leaves the Group, resigns or is terminated for cause prior to the end of the performance year.</p>
Bonus Deferral Awards (BDA)	BDA will normally vest on the scheduled vesting date. There will be no pro-rating of BDA.
Performance Share Awards (PSA)	<p>PSA will normally be retained, and vest on the scheduled vesting date, subject to time pro-rating and the satisfaction of any performance conditions.</p> <p>PSA will be pro-rated over 36 months from the grant date.</p>
Management Share Awards (MSA)	<p>Any MSA granted prior to appointment will normally be retained, and vest, at the Committee's discretion, at the scheduled vesting date (although awards for US taxpayers may vest on leaving).</p> <p>MSA will be reduced pro rata to reflect the period of employment between the date of grant of the award and the normal vesting date.</p>
All employee share plans	All employee share awards will normally vest on or shortly after leaving. There will be no pro rata reduction of awards.
Dividend shares	Any dividend equivalent shares will be calculated on the vesting of all share awards.
Repatriation	On termination, the company will pay relocation or expatriation benefits as agreed at the time of the original expatriation and/or in accordance with applicable legislation and internal policies on travel and relocation.
Accrued but untaken leave	Accrued but untaken annual leave and any long service leave will be paid out on termination, in accordance with the relevant country legislation and applicable practice applying to all employees.
Legal expenses	The company may pay reasonable legal and other professional fees (including outplacement support) to or in respect of an executive in connection with the termination of his or her employment.
Settlement claims	Subject to the approval of the Committee, the company may pay such amount as it determines is reasonable to settle any claims that an executive may have in connection with the termination of his or her employment.
Restrictive covenants	While our employment agreements include appropriate restrictive covenants as a matter of practice, the Policy provides additional flexibility to make payments in respect of expanding or enhancing existing covenants to protect Rio Tinto and its shareholders. The amount of such payment will be determined by the Committee based on the content and duration of the covenant.

Chairman and non-executive directors' remuneration

The table below summarises how the fees are set and our Policy for the Chairman and non-executive directors:

Area	Chairman	Non-executive directors
Setting of fees	The Committee (excluding the Chairman, if he or she is a member) determines the terms of service and remuneration of the Chairman. The Chairman's fees are set by the Committee.	The non-executive directors' fees and other terms are set by the Board upon the recommendation of the Chairman's Committee (which comprises the Chairman, Chief Executive and Chief Financial Officer).
Fees	<p>It is Rio Tinto's policy that the Chairman should be remunerated on a competitive basis and at a level which reflects his or her contribution to the Group, as assessed by the Board.</p> <p>The Chairman receives a fixed annual fee and does not receive any additional fee or allowance either for committee membership or chairmanship, or for travel. The Chairman does not participate in the Group's incentive plans.</p>	<p>Non-executive directors receive a base fee with additional fees paid for further Board responsibilities such as committee membership or committee chairmanship or taking on the senior independent director role. Allowances may be paid for attending meetings which involve medium or long-distance air travel. They do not participate in any of the Group's incentive plans.</p> <p>Fees paid to non-executive directors reflect their respective duties and responsibilities and the time required to be spent by them so as to make a meaningful and effective contribution to the affairs of Rio Tinto.</p>
Pension and superannuation	Rio Tinto does not pay retirement or post-employment benefits to the Chairman.	Where the payment of statutory minimum superannuation contributions for Australian non-executive directors is required by Australian superannuation law, these contributions are deducted from the director's overall fee entitlements.
Benefits	<p>The Chairman may be provided with a car and driver. Any use for transport between home and the office and other personal travel is a taxable benefit to the Chairman, and the company pays any tax arising on the Chairman's behalf. The Chairman would pay a fixed annual fee to the company for any personal travel element.</p> <p>Relocation and localisation benefits in accordance with the Policy for executive directors (for example, housing, tax equalisation, cost of living allowance, the payment of school fees, periodic visits home for the executive and their family and where relevant, localisation payments) may be made to and on behalf of a Chairman working outside his or her home country.</p> <p>Other benefits include accident insurance (note this is neither contractual nor a taxable benefit), other minor benefits (including modest retirement gifts in applicable circumstances), occasional spouse travel in support of the business and any Rio Tinto business-related expenses which are deemed to be taxable and any tax the company has paid on his or her behalf.</p>	<p>Non-executive directors may on occasion receive reimbursement for costs incurred in relation to the provision of professional advice. These payments, if made, are taxable benefits to the non-executive directors and the tax arising is paid by the company on the directors' behalf.</p> <p>Other benefits provided include accident insurance (note this is neither contractual nor a taxable benefit), other minor benefits (including modest retirement gifts in applicable circumstances), occasional spouse travel in support of the business and any Rio Tinto business expenses which are deemed to be taxable where the company has paid the tax on their behalf.</p>

Appointment

The appointment of non-executive directors (including the Chairman) is handled through the Nominations Committee and Board processes. The current fee levels are set out in the Implementation Report.

The Chairman's letter of appointment from the company stipulates his or her duties as Chairman of the Group and appointment may be terminated without liability on the part of Rio Tinto in accordance with the Group's constitutional documents dealing with retirement, disqualification from office or other vacation from office. Otherwise, his or her appointment may be terminated by giving 12 months' notice. Accrued fees will be paid up to the termination date with the exception of dismissal for cause. The Committee has the discretion to make a payment in lieu of notice if the Chairman is not required to serve his or her full 12 months' notice. If the appointment as Chairman is terminated by reason of their removal as a director pursuant to a resolution of shareholders in general meeting, the company shall be liable to pay any fees accrued to the date of any such removal.

The non-executive directors' letters of appointment from the company stipulate their duties and responsibilities as directors. Each non-executive director is appointed subject to their election and annual re-election by shareholders. Non-executive directors' appointments may be terminated by either party giving three months' notice. There are no provisions for compensation payable on termination of their appointment. The letters of appointment are available for inspection at Rio Tinto plc's registered office.

The maximum aggregate fees payable to the non-executive directors (including the Chairman) in respect of any year, including fees received by the non-executive directors for serving on any committee of the Board, will not exceed the limits set out in the Group's constitutional documents (currently £3 million).