

Our approach

 [Group strategy on p.18](#)

Sustainable development has been identified as an area crucial to the delivery of the Group's long term strategy.

The minerals and metals produced at our operations contribute to society's needs, delivering financial dividends for our shareholders, paying wages and salaries for our employees, and creating wealth to support community infrastructure, health care and education. Our activities also provide the means and opportunity to develop new approaches to the environmental and human development challenges confronting society, such as climate change and poverty.

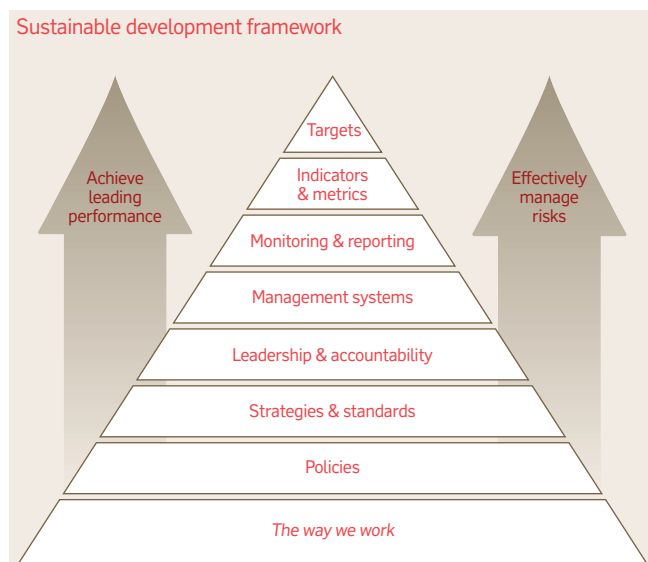
We recognise that some aspects of our activities can lead to unavoidable impacts, such as limiting options for the future use of land and water, impacts on local communities, and greenhouse gas emissions from our operations and the use of our products. We strive to minimise these impacts through good management of our operations.

The extended timeframes associated with our operations from exploration, through development and operation to closure provide us with opportunities to plan, implement and deliver sustainable contributions to social wellbeing, environmental stewardship and economic prosperity, within our strong governance systems.

Our continued licence to operate is subject to the ever increasing expectations of society. Consequently, we have developed and implemented a structured framework to ensure that we meet our goal of contributing to the global transition to sustainable development. This framework contains the "must have" building blocks, which must all work together to achieve leading performance and manage risk effectively.

We are communicating and raising our awareness of our approach to our internal and external stakeholders.

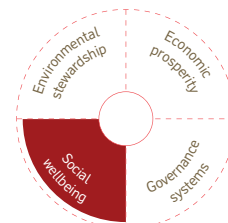
In 2010 we commenced a review of our approach to sustainable development to ensure it remains focused on the risks most relevant to delivering our business strategy.



Social wellbeing

 [Read more in the "Our approach" section of \[www.riotinto.com\]\(http://www.riotinto.com\)](#)

We are committed to providing a safe and healthy workplace for our employees where their rights and dignity are respected. We set out to build enduring relationships with our neighbours that demonstrate mutual respect, active partnership, and long term commitment.



Safety

We are progressing on our journey toward a zero harm culture where everyone knows that they make a difference and where all employees and contractors have the knowledge, competence and desire to work safely. We believe that all injuries are preventable and our goal is to achieve zero injuries and zero fatalities.

Regrettably three people were fatally injured whilst working at Rio Tinto managed operations in 2010. These events occurred at the Iron Ore Company of Canada, as a result of a fall from height, at the Alcan Packaging plant in Indonesia, as a result of an electric shock, and at the Alcan Engineered Products Neuf Brisach operation in France, as a result of being struck by a falling object. We provided support and counselling to the families and workmates affected by these events and we have shared the lessons from these and other serious incidents across the Group.

We measure progress toward our goal of zero injuries through the all injury frequency rate (AIFR), which includes data for employees and contractors. At the end of 2010 our AIFR was 0.66, an improvement of 18 per cent over the last year. Our lost time injury frequency rate has also improved and was 0.36 per 200,000 hours worked in 2010.

Lower injury rates do not mean that serious incidents will not occur. We use significant potential incident reporting and remedial action closure measures to promote identification, investigation, management and sharing of lessons learnt from minor and near miss events with potentially fatal consequences. These metrics are linked to remuneration.

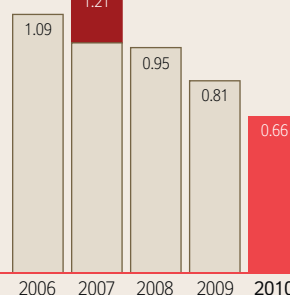
Higher consequence, lower frequency safety events are managed through targeted process safety reviews and use of our Semi Quantitative Risk Assessment (SQRA) process. The risk reduction resulting from the SQRA process is used as a Group wide leading indicator for safety performance.

All injury frequency rate

Per 200,000 hours worked

■ Including former Alcan

0.66
(2009: 0.81)



To drive improved performance at our sites where the most injuries are occurring, or where we face persistent challenges of repeated or major injuries or fatalities, we have developed a site safety acceleration process. The process is built on the principles of diagnosing root causes of poor safety performance and, through the engagement of leaders and employees, developing site-specific practical interventions that lead to sustainable safety improvements.

We have also established a framework that defines our expectations and the processes to assure implementation of our systems and standards during the development of major projects.

Health

Our goal is no new cases of occupational illness. We are targeting a 30 per cent reduction in the rate of new cases of occupational illness per 10,000 employees between 2008 and 2013.

The main types of occupational illnesses recorded in our 2008 baseline are related to musculo-skeletal disorders, noise induced hearing loss and stress. The baseline excludes operations that were divested or flagged for divestment during 2009.

In 2010 we achieved a 56 per cent improvement in performance compared with 2008 with significant decreases in the number of reported cases of noise induced hearing loss (54 per cent), musculo-skeletal disorders (66 per cent) and stress (40 per cent).

Ongoing reductions in new cases of occupational illnesses will require further improvements in the management of risks posed by manual handling and noise exposure, as well as supporting healthy lifestyles through workplace wellbeing programmes.

We are also targeting a ten per cent reduction in the number of employees exposed to an eight hour noise dose of more than 85 decibels between 2008 and 2013. In 2010, the number of employees potentially exposed increased by 0.3 per cent per 10,000 employees compared with 2008. Progress against this target has been slow; based upon business feedback we are expecting most of the improvements for this target to occur in 2012 and 2013.

Rio Tinto operates two uranium mines, Ranger in Australia and Rössing in Namibia. When not appropriately managed, exposure to ionising radiation from uranium mines can pose potential health risks for workers or surrounding communities and we understand there may be some concern that those working or living near our uranium mines could be at risk.

In line with our occupational health standards, we continue to work on reducing radiation exposure to as low as reasonably practicable.

Our monitoring has not recorded any employee exposure above our 20 milliSievert (mSv) annual limit for over a decade. Rio Tinto's exposure limit is well below the five year 100mSv and annual 50mSv limits typically found in international protocols.

We believe that our health and wellbeing strategy will support our employees to lead healthier lives and reduce fatigue, stress and obesity related risks to deliver health, safety and productivity improvements across the Group. We have continued to roll out our Australian "Achieve Health" programme and more than 7,000 of our people globally signed up for our "Be Active" challenge in 2010.

Rio Tinto operates in countries where the prevalence of human immunodeficiency virus (HIV), tuberculosis and malaria are high. We work closely with the international health community on these problems not only in Africa, but globally. Where our operations are located in regions with a generalised HIV epidemic (as defined by UNAIDS) we actively encourage all employees to know their HIV status through voluntary testing. We also ensure that all employees in these regions and their nominated partner have affordable access to treatment, care and support, including antiretroviral drugs.

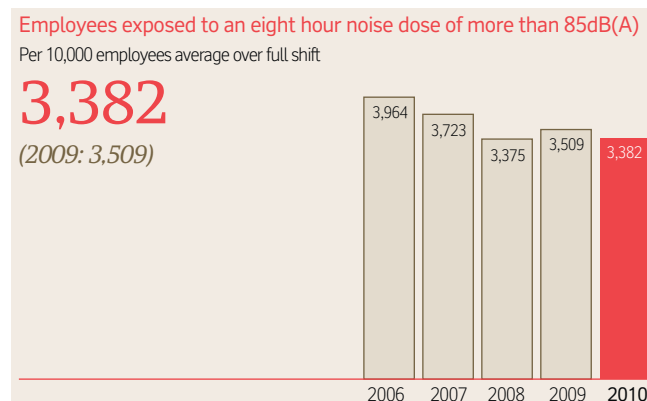
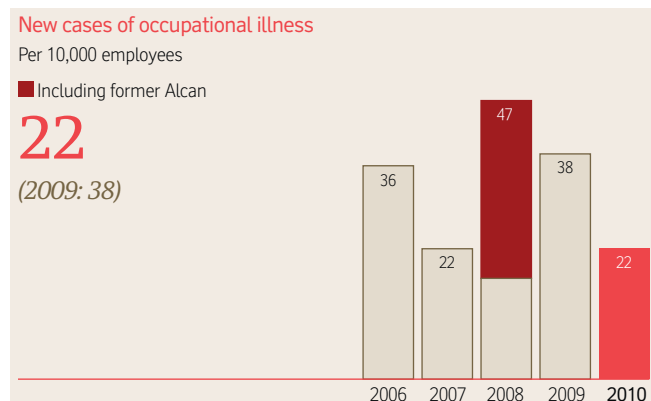
As part of our new Business Resilience and Recovery Programme, we focused on the identification and classification of potential and emerging health risks and evaluation of our emergency medical response preparedness in 2010.

Our people

In 2010, we employed 77,000 people, including the Group's proportionate share of consolidated companies and equity accounted units. Of these approximately 25,000 were located in Australasia, 22,000 in North America, 17,000 in Europe, and 8,000 in Africa. Our workforce decreased in 2010 as a result of our divestment programme. See page 252 for a breakdown of employees by business units.

We employ on the basis of job requirement and do not discriminate on grounds of age, ethnic or social origin, gender, sexual orientation, politics, religion or disability. We do not employ forced, bonded or child labour. We recognise the right of all employees to choose to belong to a union and seek to bargain collectively. We employ people with disabilities and make every effort to offer suitable alternative employment and retraining to employees who become disabled and can no longer perform their regular duties.

Our employees' diversity of backgrounds, skills, perspectives and experiences is critical to our business success. We encourage



diversity in teams and the sharing of people, skills and knowledge across the Group. We provide employees with opportunities for flexible work arrangements to accommodate individual needs at different life and career stages.

Our goal is to employ people who meet job requirements and reflect the diversity of our surrounding communities. Currently, we are focused on improving the representation of women and people from nationalities which are under-represented in our workforce. In 2010, women represented 27 per cent of our graduate intake, 14 per cent of our senior management, 20 per cent of the chief executive's executive committee and 13 per cent of the Rio Tinto board. Our new Group wide diversity targets for 2015 are:

- Women to represent 20 per cent of our senior management.
- Women to represent 40 per cent of our graduate intake.
- Fifteen per cent of our graduate intake to be nationals from regions where we are developing new businesses.

We actively favour local employment where local candidates meet job requirements and laws allow. Our local employment commitments are often managed through directly negotiated community benefit agreements. Throughout 2010, we remained the largest private sector employer of indigenous Australians, who represent eight per cent of our Australian workforce.

Rio Tinto's new statement on commitment to diversity and inclusion can be found on page 116. We are also establishing a new cross-functional diversity council, chaired by a member of our executive committee, to set directions for, sponsor and monitor progress of initiatives to improve diversity and inclusion.

Our reward strategy is designed to attract, retain and motivate our workforce. Base pay is reviewed regularly to account for the individual's role and local market trends. We offer allowances, broad-based employee share plans, retirement plans and healthcare benefits consistent with local market competition.

We provide a short term incentive plan to allow individuals to participate in the financial success of the business and focus on individual performance objectives. Long term incentive plans are used to align individual objectives with shareholder interests and to recognise performance and potential for strategic contributions.

We directly engage with our employees on their individual career aspirations and implement individual development plans, coaching and feedback processes to position them and the Group for success. We also conduct regular talent reviews to assess the capabilities and potential of our workforce.

Our second global employee engagement survey was completed in 2010. Engagement levels are positive and good progress has been made on improving understanding and support of the Group's vision and values. Action plans are being implemented in each business. Globally we are focusing on increasing the capability of our leaders to engage with and maximise the contribution of our people, especially among our frontline employees. We will measure progress as part of our next engagement survey in 2011.

In 2010 our frontline, operational, business, and strategic leadership development programmes were relaunched along with new programmes for the accelerated development of high-potential employees and leadership skill-building for people in operational roles. Approximately half a million attendances were recorded for training in technical and operational skills, and health, safety, and environment courses during 2010.

Communities and regional economic development

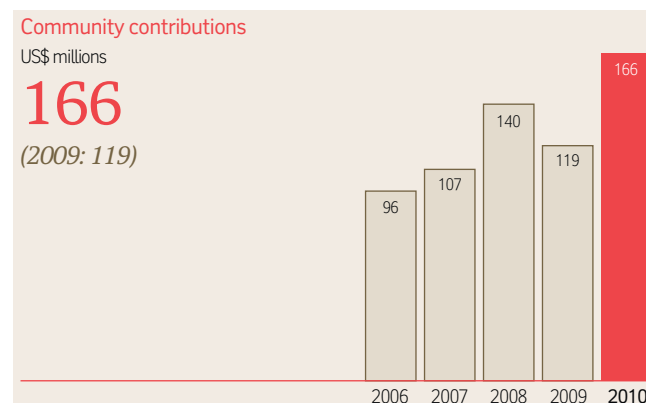
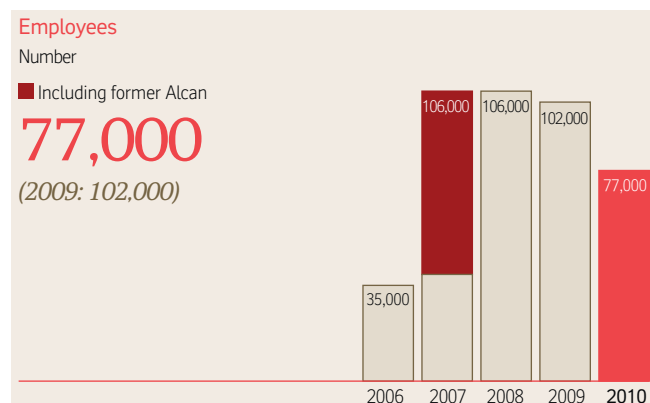
By understanding our socio-economic interactions in the places where we operate, we can optimise benefits and reduce negative impacts for communities and our operations alike.

These interactions include relationships with local suppliers, training and local employment, support for small to medium enterprises, optimal distribution of taxes and royalties, support for multilateral socio-economic programmes and development of infrastructure that can also benefit local communities, businesses and governments.

In addition to direct economic contributions through salaries, wages, taxes, royalties and local service and supply, our businesses supported 2,900 socio-economic programmes covering a wide range of activities such as health, education, business development, housing, environmental protection and agricultural development during 2010.

To enable us to target the delivery of socio-economic programmes reflecting the priorities of local communities, and to identify potential positive and negative impacts of our operations, we conduct community baseline, social impact and social risk assessments. We use this information along with community input to develop multi-year communities plans.

In 2010 we spent US\$166 million on community assistance programmes and payments into trusts set up in directly negotiated community impact benefit agreements. The US\$47 million increase in spending compared to 2009 reflects a rebounding of Group activity and the establishment of new community agreements which involve direct payments to community controlled regional development trusts.



We verify the quality of our communities work at each operation on a three year cycle. In 2010, we conducted assurance assessments at 25 operations.

The introduction of a mining, smelting or refining operation can be disruptive and concerning to local communities, particularly where resettlement, land rights or areas of spiritual value are concerned. We apply leading industry practice in dealing with such matters and try to minimise and mitigate negative impacts and gain broad-based community support for our activities.

However, people can validly have differing opinions about a development. For example, some sections of the community around the US based Eagle project in Michigan have requested broader access to Eagle Rock, notwithstanding the understandings we have reached with other sections of the community to address safety and other considerations.

Community action may also affect our ability to conduct our operations, such as our 2008 decision to temporarily suspend pilot project construction work at the La Granja copper development in Peru. Development of this project was subsequently scaled back as a result of the global financial crisis.

Even when the broader community is supportive, individuals or NGOs may continue to have concerns about or oppose our activities and they may commence legal action to challenge it. We seek to respond to such actions, whilst respecting the views of those people who disagree with us. We accept that we cannot meet everybody's concerns and expectations, but wherever we operate we seek to do so with broad-based community support.

Our operations are part of the social context in which they sit, and we may sometimes be subject to collateral effects or issues arising out of differences within a community or between a community and third parties. This can result in high crime rates or civil unrest and/or our employees and assets being the target of anti-social and unlawful activities. In such circumstances we do what we reasonably can to maintain the security of our assets and personnel in a manner that is proportionate and safe for our people and the local community. We follow the Voluntary Principles on Security and Human Rights, provide training to security personnel, and follow security rules of engagement which seek to limit the risk of fatal incidents arising from unrest, theft or trespass.

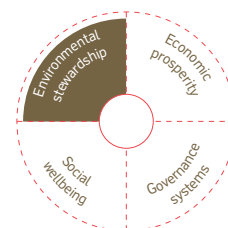
Our communities target requires all operations to have locally appropriate, publicly reported social performance indicators that demonstrate a positive contribution to the economic development of the communities and regions where we work, consistent with the Millennium Development Goals, by 2013. By 2010, 20 per cent of operations had these indicators in place. Our report on the Millennium Development Goals and the library of our local sustainable development reports can be found on our website.

We seek to make our voluntary contributions part of a bigger picture. This year Rio Tinto and the Australian Football League (AFL) launched a four year partnership focused on leadership development for 18 to 24 year old indigenous men. The *Footy Means Business* programme will provide participants exposure to elite AFL programmes and training, along with networking opportunities in corporate environments to build leadership and teamwork skills.

Environmental stewardship

 Read more in the "Our approach" section of www.riotinto.com

We continue to proactively manage issues related to climate change, water, land stewardship, biodiversity, mineral and non mineral waste, air quality and closure.



Our programmes include input from our local communities and subject matter experts, and are supported by our partnerships with BirdLife International, Conservation International, the Eden Project, Earthwatch, Fauna & Flora International and the Royal Botanic Gardens, Kew.

During 2010, the International Union for Conservation of Nature (IUCN) and Rio Tinto entered into a three year formal collaboration agreement to work together on sustainable development efforts, environmental management and delivery of conservation outcomes.

Greenhouse gas emissions

We accept the need for climate change action and recognise the issue as being one of our greatest challenges and opportunities. We support efficient, effective and equitable measures to tackle climate change, which promise a comprehensive, long term response to a globally complex problem. We accept the need for a price on carbon.

We believe that our businesses have a positive future in a world that is working to global carbon constraints and we aim to improve the energy intensity of our operations and new projects.

We are targeting to reduce our total GHG emissions intensity by six per cent between 2008 and 2013. A further four per cent reduction is targeted to give an overall ten per cent reduction by 2015.

Our GHG emissions intensity has reduced by 3.7 per cent between 2008 and 2010, largely as a result of the 2009 divestment of the Ningxia aluminium smelter in China. During 2010, the impact of closure or reduced production at older aluminium smelters that had low emitting power sources offset some of the intensity reductions achieved during 2009. These closures and production decreases are one step towards our longer term strategy of modernisation.

Our total GHG emissions were 43.4 million tonnes of carbon dioxide equivalent (CO₂-e) in 2010, 2.3 million tonnes higher than

