

Rio Tinto Ltd Annual Shareholders Meeting - Final

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Presentation

SIMON ROBERT THOMPSON, CHAIRMAN, RIO TINTO LIMITED: Good morning, ladies and gentlemen, and welcome to the Rio Tinto Annual General Meeting. I'd also like to welcome shareholders joining us online via the webcast. My name is Simon Thompson, and it is a privilege to serve as Chairman of your company. As always, safety is our top priority, so we will start with a short safety briefing.

UNIDENTIFIED PARTICIPANT: Good morning, ladies and gentlemen. In the event of an emergency in the ballroom, you will hear 2 sounds, firstly, beep, beep, beep. In this situation, please remain in your seats and wait for further instructions.

If an emergency escalates and it's necessary to leave the ballroom, you will hear the emergency sound, whoop, whoop, whoop. Please stand and follow the instructions of staff to the exits which are marked on either side of the room. The meeting point outside the ballroom is opposite Spring Street and Treasury Gardens. Rio Tinto and Sofitel Melbourne value your safety, so please follow instructions when necessary. Thank you.

SIMON ROBERT THOMPSON: Thanks very much. In the same way that safety is of critical importance to our business, so too is a deep respect for the communities that host our operations around the world. With this in mind, it gives me great pleasure to introduce, Auntie Joy Murphy Wandin, who is a Senior Elder of the Wurundjeri people, the traditional owners of the land on which we are fortunate to be gathered today. Auntie Joy is a recipient of the Order of Australia and has been involved with aboriginal issues for over 30 years. She has held executive positions across many sectors of government and Auntie Joy is here to reflect on the culture of her people as well as offer a welcome to country to us all.

JOY WANDIN MURPHY: Good morning, everyone, and in our Woiwurrung language, can I say (foreign language). I'd like to begin by paying my respects to all ancestors, elders and communities across this great nation, and indeed, neighboring islands. Today, Rio Tinto Annual General Meeting is being held on the traditional lands of the Wurundjeri people, my father's traditional lands, and I pay my respects, deep respects, to him and I'm so proud to be his daughter.

All aboriginal communities across this continent and indeed, our friends across in the islands, each have their own way of welcoming people to country. And Wurundjeri are known as the Manna Gum people. And sadly, for me, this morning, when I left -- really at a beautiful time of morning at dawn, I picked those branches of gum leaves to share with you, but have unfortunately left them in the car. However, I would like you to visualize the beautiful Manna Gum and I must say that in seeing that gum tree, it's a really important tree for us, but more importantly, about how do you access those branches of leaves that were used in traditional ceremonies.

Indeed, that trunk is a beautiful white color after the bark has fallen and very slippery to climb. So in traditional times, we had a (foreign language) that was pretty much of an all-action purpose young man who would make stone holes -- toe holes, rather, with stone axes and then climb that beautiful trunk and get those branches for the ngurungaeta, the head man of the ceremony which was taking place.

We, the original people, are caring, and of course, nurturing people, as we have done for this land for thousands and thousands of years. And that caring and sharing continues and that's how we invite you to share in our custom of welcome.

For those of you that may see one of our beautiful Manna Gums, or indeed, any type of eucalypt, we invite you to stop at that tree, take a leaf. And if you accept that leaf, then we thank you. We thank you for not only the recognition of the first peoples of this land and -- but we also thank you for helping us to continue. We

then form a journey together so that for the -- not only today, but for the future generations, that we, working together and continuing to do what has been done for thousands of years, that it will be a better place for each and every one of us.

I would like to thank Rio Tinto for having me here today, the recognition. And I would also like to thank you for the work that you do for our communities in not only establishing on-the-ground relationships, but indeed, allowing them to prosper to self-sufficiency.

Our language is the Woiwurrung, as I said earlier, Wominjeka Wurundjeri Balluk yearmenn koondee bik, you are most welcome to the traditional lands of the Wurundjeri people. Thank you.

SIMON ROBERT THOMPSON: Thank you, Auntie Joy, for your wonderful welcome to country and for introducing our AGM in such a memorable way. I would like to start by introducing my fellow directors on the Rio Tinto board. Starting on my far left: David Constable joined the board last year. David was previously CEO of Sasol and before that, had a successful career with Fluor. He, therefore, brings both experience in the mining industry and expertise in the management of major capital projects.

Next to David is Sam Laidlaw. Sam also joined the board in 2017 and brings significant experience from the natural resources and energy sectors, having served as CEO of Centrica and held senior management positions at Chevron, Enterprise Oil and Amerada Hess. Sam has recently taken over as chair of our Remuneration Committee.

Next to Sam is Michael L'Estrange, who chairs our Australia Forum. And next to him is Megan Clark, who chairs our Sustainability Committee. Tim Paine is our joint Company Secretary. After the gap is Jean-S bastien Jacques or J-S, our Chief Executive; and then, our Chief Financial Officer, Chris Lynch. This will be Chris's last Australian AGM before retiring in September, and I would like to thank him for his outstanding contribution as both a non-executive and an executive director of Rio Tinto.

Next, Ann Godbehere is our senior independent director and chair of our Audit Committee. And nearest to me, Simon Henry has also joined the board last year. Simon was previously Finance Director of Royal Dutch Shell and brings both financial expertise and extensive knowledge of the global natural resources industry.

Paul Tellier, who sends his apologies, will be retiring at the conclusion of this meeting, after 10 years of distinguished service on the board. During the course of 2017, we said farewell to 3 Non-Executive Directors: Robert Brown, Anne Lauvergeon and John Varley, and also, to Jan du Plessis, who stepped down as Chairman in March after a decade of outstanding service at Rio Tinto.

On behalf of the board and the whole of the Rio Tinto team, I would like to extend our sincere thanks to all of our departing directors for their hard work and dedication, and wish them well for the future. In September 2018, we look forward to welcoming Moya Greene as a new non-executive director. Moya is currently CEO of Royal Mail and has previously held senior roles in both the private sector and government in Canada.

At this, my first Australian AGM as Chairman, I'm pleased to report a very strong set of results for Rio Tinto. We delivered strong cash generation through our value over volume strategy, with underlying EBITDA of \$18.6 billion and operating cash flow of \$13.9 billion. Our EBITDA margin of 44% was the best in a decade, as a result of stronger commodity prices and focused effort on costs and productivity. And our underlying earnings of \$8.6 billion represented a 69% improvement on the previous year.

As a result, the company ended the year with a very strong balance sheet, with net debt of \$3.8 billion. We also continued to reshape the portfolio, with divestment proceeds of \$2.7 billion, and we invested \$2.5 billion in new, high-return growth projects. As you will have seen in the recent announcements of the divestment of our remaining Australian coal assets, the process of reshaping our portfolio has continued this year. In our annual meeting 2 years ago, we outlined a new, more flexible dividend policy, which aims to return between 40% and 60% of underlying earnings to shareholders through the cycle. In 2017, we paid a record interim dividend of \$1.10 per share. And 3 months ago, in February of this year, we declared a record final dividend of \$1.80 cents per share.

The full year dividend payment of \$5.2 billion, combined with \$2 billion of share buybacks, represents 83% of underlying earnings. In addition, we announced the return of proceeds from the sale of Coal & Allied to shareholders with a \$2.5 billion share buyback. Total cash returns to shareholders for 2017 therefore amounted to \$9.7 billion, taking the total since the start of 2011 to over \$40 billion.

While delivering shareholder value is a top priority for Rio Tinto, we also create value in many other ways, and we're proud of the contribution we make to the communities and governments that host our operations. Last month, we released our eighth annual taxes paid report. In 2017, we paid USD 5.1 billion in taxes and royalties to governments around the world. In Australia, we paid AUD 4.9 billion in taxes and royalties in 2017. This lifts our Australian payments since the start of 2011 to more than AUD 40 billion.

Our direct economic contribution to our host countries and communities is equally significant. In 2017, around the world, we spent almost \$19 billion on wages and on goods and services, often supplied by local businesses. In Mongolia, for example, we invested \$1.2 billion in the Oyu Tolgoi underground project last year. Since 2010, we have invested \$7.2 billion in Mongolia, creating new jobs and new skills.

We are the largest private sector employer in Mongolia, with 14,000 employees and contractors, over 90% of whom are Mongolians. Furthermore, over 80% of our procurement spend occurs within Mongolia, and through this, a total of more than 55,000 Mongolians work directly or indirectly for OT.

The Amrun project, which sits on indigenous traditional lands in Queensland, Australia, is another example of the broader contribution that Rio Tinto makes. It will expand our Weipa operations and includes the construction of the bauxite mine, processing and port facilities.

During construction, Amrun has created some 1,250 full-time jobs. And once operations begin in 2019, it will support 1,400 jobs across our Weipa operations. To date, we have spent more than AUD 1 billion with local suppliers to Amrun, including businesses that are 100% indigenous owned. Starting from 2019, the project is expected to contribute more than AUD 1.3 billion per year to the Queensland economy.

Across Rio Tinto's worldwide operations, we also contribute to the developments of our host communities through targeted investments in education, capacity building and community projects. Last year, we invested \$176 million across nearly 1,300 programs, covering health, education, environmental protection, housing, agriculture and business development.

Our purpose as a company is clear. As pioneers in mining and metals, we produce materials essential to human progress. And by doing so efficiently and effectively, we aim to generate superior returns for our shareholders. But as the examples I have just given illustrate, we recognize that Rio Tinto will only achieve long-term, sustainable success if we build strong and durable relationships with our host communities and governments. And we will only remain competitive if we have suppliers who help us to innovate and to drive productivity, and a skilled and engaged workforce, with the capacity to adapt to rapidly-changing technology.

We also need to demonstrate that we are responsible stewards of the environment. You will have heard of our Dampier Salt business in Western Australia. This business, established more than 50 years ago, is Australia's largest salt producer and exporter. The salt has industrial uses, such as chlorine, caustic soda, detergents and glass, and is also used in the food industry in Asia. The great thing about Dampier Salt is that the sun, through evaporation, does all the work. Sun and wind energy comprise around 99% of the total energy required to grow and process our salt.

In addition, Dampier Salt has a biodiversity action plan that supports research at Perth's Edith Cowan University into the ecological relationship between migratory shorebirds and Dampier Salt ponds. So as you can see, at Dampier Salt, as at every other Rio Tinto operation worldwide, we take our environmental responsibilities very seriously, from discovery to closure.

As I said at the beginning of the meeting, safety is Rio Tinto's top priority. But we also have 4 other core values: Teamwork, excellence, respect and integrity. Over the past 2 years, our reputation has been called into question, by allegations of accounting fraud in relation to former assets in Mozambique and of bribery in Guinea. So it is important that I address these issues.

In 2017, the Financial Conduct Authority determined that we should have impaired an investment in a coal project in Mozambique 6 months earlier than we did in 2012. These are highly complex, technical accounting judgments. And the FCA, of course, had the benefit of hindsight. Nevertheless, we have settled this matter with the FCA and paid a financial penalty of GBP 27 million. Importantly, the FCA found no evidence of widespread or systemic failure or of fraud. They simply believe that Rio Tinto should have impaired the asset 6 months earlier than it did.

Based upon exactly the same facts, The United States Securities and Exchange Commission alleges that a former CEO and CFO of Rio Tinto deliberately and fraudulently withheld information regarding the Mozambique coal project, both from the board and from our external auditors. And yesterday, the Australian Securities and Investment Commission announced that it had updated its legal proceedings against Rio Tinto and its former directors on the same matter. In both cases, we strenuously deny these allegations and we will vigorously defend ourselves in court.

In relation to Guinea, the board became aware that a payment of \$10.5 million had been made in 2011 to a consultant providing advisory services in relation to the Simandou project. After an independent investigation, the board concluded that the proper internal procedures had not been followed in relation to this payment. We therefore did 2 things. Firstly, we self-reported to the relevant authorities in the U.K., the U.S. and Australia; and secondly, we dismissed 2 senior executives for failing to uphold the standards expected of them under our global code of conduct, The way we work. While this was clearly a very tough decision, the board

believes that it was essential to convey the clear message, both internally and externally, that no matter how senior you are in Rio Tinto, you must abide by the rules set out in our code of business conduct.

Despite these events, as I visit our operations around the world, I am convinced that Rio Tinto's culture is both strong and healthy and that there is a good understanding and strong support for our shared values. We recognize that the reputation of our company depends upon the day-to-day behavior of every single one of our 47,000 employees. And I can assure you that the entire board is committed to embedding a culture of transparency, integrity and respect at Rio Tinto.

Before I hand the floor to J-S, let me say a few words about the year ahead. 2018 marks Rio Tinto's 145th anniversary, and we have weathered many cycles over nearly 1.5 centuries. This year promises to be more challenging than the last, as the industry faces rising cost inflation as well as geopolitical uncertainties, particularly in relation to trade.

But Rio Tinto is well prepared. We have a clear and consistent strategy and a management team under J-S's leadership, who are focused on stepping up our performance. Rio Tinto prides itself on its pioneering approach to new technologies, to deliver faster and better processes with cleaner and greener outcomes, and we remain focused on delivering benefits for all of our stakeholders.

Across our business, from mine to market, we are adding value, not just cutting costs, by harnessing thousands of productivity initiatives. And our strong balance sheet and disciplined capital allocation enables us to invest selectively in high-quality growth throughout the cycle. So while there's much work to be done, we are excited by the opportunities we see and confident of our performance in the year ahead. To tell you more, let me hand over to J-S, Rio Tinto's Chief Executive.

JEAN-S  BASTIEN JACQUES, CEO & EXECUTIVE DIRECTOR, RIO TINTO LIMITED: Thank you, Simon. I would like to thank and acknowledge the traditional owners on whose land we meet today, the Wurundjeri people of the Kulin Nation. Good morning, and welcome, everyone. I'm absolutely delighted to report that in 2017, we delivered what we said we would and more. We maximized cash generation and earnings through value over volume. We improved our margins to the best in a decade. We reshaped our portfolio and invested in high-return growth, and most importantly, we delivered significant cash returns to you, our shareholders, including our highest-ever dividend of \$5.2 billion.

We are proud of our performance, but we are not complacent. Our fantastic team of 47,000 people are doing all they can to make Rio Tinto even stronger. We are also proud of the significant contribution we make to the communities, the governments and societies where we operate around the world. In fact, our global direct economic contribution in 2017 was some \$42 billion. This includes payments to suppliers and value-add, such as, payables to governments, salaries and dividend. This is a substantial amount by anyone's accounting.

In the new Business to People era, or B2P, we need to get better at explaining what we do, how we do it and how we contribute. At Rio Tinto, we want to be part of a solution, as we've done for the last 145 years. Our resilience has been built through decades and decades of performance and learnings. We will take this into the new era with purpose and ongoing commitment to superior performance and a refreshed set of company values.

So it's my great privilege to share a little more with you today on our 2017 results and how we see the world. Let's start with safety. Safety is one of our core values. And this is why everyone in Rio Tinto deeply felt the loss of 2 of our colleagues in 2017. Albert Lozano died at our Kennecott operations in the U.S., following injuries he suffered after SO2 exposure. I was on site just after the event and witnessed first-hand how Albert's death was an awful tragedy for his family, friends and colleagues.

Sadly, another of our colleagues, an exploration team member, Paul Fogarty, passed away due to health issues, while working in WA, Western Australia. And just last week, we lost a colleague at our Sorel-Tracy site in Qu  bec, Canada.

All of those events are awful and sad tragedies. We are doing all we can to learn from these incidents and build on the positive safety efforts of all of our colleagues around the world. This is why I was so pleased to present the 2017 CEO Safety Award to our team at Oyu Tolgoi in Mongolia in January. This award recognizes safety excellence across all of our global operations. OT was a standout, given its significant safety improvement over the last 3 years. I should also mention the other safety winners: Cape Lambert, our iron ore operation in WA for most improved; and Diavik, our diamonds business in Canada, for partnership with the best contractor. Well done to all the winning teams. Critical Risk Management is now embedded across the business to help us eliminate fatalities. We continue to focus on reducing injuries, improving process safety and supporting mental health. Safety and health is #1 at Rio Tinto and a focus for us every day, at every site.

At Rio Tinto, we have a clear purpose, strategy and values to guide our actions. Our purpose, as pioneers in mining and metals, we produce materials essential to human progress, talks to the contribution mining makes to everyday life. Our strategy, to deliver superior returns for shareholders through the cycle, is well understood. Our values are strong: Safety, teamwork, respect, integrity, excellence. We aim to live up to them wherever we operate.

Looking ahead, we will maintain our outperformance by focusing on our 4Ps framework: Performance, portfolio, partners and people. Performance is about operating and commercial excellence. Portfolio is about world-class assets. Partners is about long-term relationships with our customers, suppliers, investors, governments and communities. And people is about developing industry-leading capabilities.

I will take you through each of these quickly, starting with performance. Our value over volume approach is working. As Simon mentioned, in 2017, we delivered \$18.6 billion of underlying EBITDA and operating cash flows of \$13.9 billion. We improved our margins to the best in a decade with an EBITDA margin of 44% and our commitment to shareholder returns was made clear in 2017 results. The full year dividend set a new record. We also managed to pay down debt and maintain the strength of our balance sheet, which is one of the best -- one of the strongest in the sector. Each of our product groups contributed to this performance.

Let me share a few of the highlights of 2017. In Iron Ore, we delivered industry-leading EBITDA margins of 68%, as customers demand higher-quality product, driven by a need to improve environmental performance. In Aluminium, our integrated operations delivered an EBITDA margin of 35%, our highest since we acquired the Alcan business. This was achieved despite increases in input costs. In Copper & Diamonds, we delivered free cash flow of \$319 million, despite a 49% increase in capital expenditure, as activity ramped up at the Oyu Tolgoi underground project. And in Energy & Minerals, we generated net cash from operating activities of almost \$2 billion, partly due to higher prices.

In 2018, I can assure you that every part of the business is focused on maximizing cash through driving productivity from mine to market, as we deliver commercial excellence. For decades, Rio Tinto has been respected for its excellence in operations, which we aim to further improve. We now also aim to raise the bar when it comes to our excellence in commercial.

This is why, in January 2018, we strengthened our commercial organization in Singapore. Our Chief Commercial Officer, Simon Trott, and his team have a mandate to look beyond the mine or production gate, to the market, to our customers and suppliers.

Let me give you 2 examples. We want to partner better with our customers to further improve our premium products, such as the development of new aluminum alloys for the automotive industry. In fact, it has just been announced that Rio Tinto is the first company in the world to receive certification under the Aluminium Stewardship Initiative. This recognizes our commitment to responsible aluminum production, which is becoming more and more important to our customers and the consumers who buy the products. We also want to work closely with our equipment suppliers, making the best use of their expertise, to plan the technology and productivity road maps for the smart mines of the future.

Turning now to portfolio. Our aim is to have a world-class portfolio of assets that we run as world-class businesses. With this in mind, in 2017, we further strengthened our portfolio, generating \$2.7 billion of proceeds from our divestments, including Coal & Allied. We will continue to exit any assets or projects that do not fit our strategy.

Let me give you some recent examples. In January, we received a binding offer of \$500 million for the sale of our Dunkerque aluminum smelter in northern France. We also announced the sale of our ISAL business in Iceland and associated assets in the Netherlands and Sweden for \$345 million. And in March, we announced the sale of our coal assets in Queensland for a total of \$4.15 billion, which brings our total divestments announced for 2018 to nearly \$5 billion.

It is also important to know that we have attractive growth options across the entire portfolio. These progressed well in 2017. The Silvergrass iron ore mine was officially opened in August and work at Amrun and Oyu Tolgoi is advancing. Amrun and Oyu Tolgoi will deliver internal rates of return in excess of 20%. The Oyu Tolgoi underground project is almost 2 years into a 5-year construction program and remains well on track. I saw it for myself in January of this year and the progress is impressive.

Oyu Tolgoi is a long-term business that is creating value for all stakeholders, including, for example, our 14,000 employees, and the government of Mongolia.

We believe the established investment frameworks are fair to both Mongolia and all shareholders. Indeed, we are encouraged by the government of Mongolia's and many of those in the business communities' comments on the importance of maintaining the principles set out in all the investment agreements. These agreements underpin the \$5.3 billion investment, with the involvement of 15 financial institutions in the construction of the underground.

We are fully cooperating with the parliamentary working group set up to explore the benefits delivered by Oyu Tolgoi.

Looking further ahead, we'll continue to evaluate attractive medium- to long-term growth opportunities. Our commitment to exploration is as strong as ever. We are actively exploring in 15 countries across the commodities spectrum, with a key interest in copper. We are partnering with others, large and small, because we know that in our business, progress comes not only through good geology, but through partnership. With this in mind, let me cover our third P, partnership.

As I already mentioned, we believe we are entering into a new era. We call it Business to People or B2P, and it will require a fundamental shift in how we do business in the future. We must engage people, from our employees to our partners outside the mine gate, communities, customers, investors, governments, suppliers and the general public, in very, very different ways.

All stakeholders have increasing expectations of transparency and information about our activities as well as a desire for business to be purposeful. We need to communicate in simple language, and most importantly, our performance must match the words. So we see partnering as a make or break for us.

In 2017, we strengthened our focus on engagement with many of our key partners. We invested \$176 million across 1,300 community programs, from health and environmental protection, to housing and business development.

In Australia, we have supported science and education programs for decades. Let me give you some examples. In Perth, we have our 15-year-old partnership with Scitech, which promotes and engages primary and secondary students in STEM subjects. In Weipa, in Queensland, with Western Cape College, our award-winning partnership is closely involved in school-based traineeships, on-the-job learning, apprenticeship programs and university placements.

And in the context of increasing automation of our mines, this year, we launched a partnership with the WA government and South Metropolitan TAFE in Perth to develop and tailor new educational curriculums for the workforce of the future.

Working in partnership with governments and universities is what it is all about, and not just in Australia. In Mongolia, over recent years, more than 1,900 vocational teachers have received training and accreditation assistance through Oyu Tolgoi. Late last year, we renewed a 5-year partnership with Tsinghua University in China to focus on environmental policy and responsible resource development. Our pioneering training program with SASAC, the body responsible for managing all of China's state-owned enterprise, will kick off in Perth over the weekend. We hope to share our sustainable development practices with participants and develop deeper relationships.

We have also increased our efforts to drive local procurement. For example, in Queensland, the Amrun bauxite project has provided work for more than 700 Queensland companies. And in Gove, in the Northern Territory, we have supported training and economic development, and last year signed the first contract to buy bauxite from a 100%-owned indigenous mining company.

Last, but not least, let me talk about our people. This is really about our 47,000 colleagues around the world and the ones we want to attract. In the past 18 months, we have invested more in leadership programs; lifted our intake of graduates; progressed the development of key capabilities in the areas such as technical, commercial and partnering; and engaged our employees with a new purpose and held sessions with all of our leaders on The way we work, our global code of conducts and our values; and launched 2 new policy initiatives: A global paid parental leave; and here in Australia, with the help of former Australian of the Year, Rosie Batty, and White Ribbon, we gave a voice to programs to stop domestic violence and support our colleagues.

Lastly, you should know we are absolutely committed to inclusion and diversity. It is absolutely clear we have a lot of work to do, both as an industry and as a company. But we are working on it, from both a gender and a nationality perspective.

In closing, our first mine was on the banks of the Rio Tinto, a river in Spain, mined since ancient times, and prized by the Greeks and the Romans. By the late 1800s, Rio Tinto had become the world's leading copper producer and then we grew. We have been in Australia and Canada for over 100 years; North America for about the same time; and in Africa for many decades. The rest, as they say, is history.

We are very proud of our strong past, and the legacy of the generations of miners on whose shoulders we stand today. And so as we look to 2018 and beyond, we remain positive about the outlook for the industry and your company. While we see some emerging inflationary and input cost pressure in the near term, as well as increasing volatility driven by trade and protectionism, mid- to long-term global growth is solid.

The world needs the metals and minerals we provide. We remain focused on delivering value to shareholders and pioneering progress in collaboration with our multiple partners in over 35 countries around the world. Thank you for listening. And now I'll come back to you, Simon.

SIMON ROBERT THOMPSON: Thank you, J-S. We are now going to move to the formal part of the meeting. The notice of meeting and the addendum to that notice, containing the text of the resolutions to be put to this meeting, have been published on our website and were posted to shareholders during the week beginning on the 19th of March. The notice and addendum also contained supporting notes designed to give further clarification and background.

Copies of the notice of meeting and the addendum are available in the foyer. If anyone would like a copy, please raise your hand and an attendant will bring you one.

The required notice of meeting has been given. I therefore propose, with your consent, that the notice of meeting and addendum should be taken as read. Is that agreed?

Thank you. Resolutions 1 to 17 will be dealt with under the joint electorate procedure with Rio Tinto PLC shareholders, who cast their votes on these resolutions at the corresponding meeting in London on the 11th of April. These resolutions relate to the routine business of annual general meetings, such as the receipt of the annual report, the reelection of directors, and the appointment and remuneration of the auditors.

You will see that the business of the meeting includes 5 separate resolutions relating to remuneration. The first relates to the triennial approval of the remuneration policy, in accordance with U.K. requirements. The second 2 relate to the approval of the group's 2017 remuneration report, under U.K. and Australian law, respectively. The fourth resolution seeks approval of a new umbrella employee share plan and the fifth resolution seeks approval under Australian law of potential termination payments that could flow from that new employee share plan.

Normally, at this point in the meeting, the Chairman takes a break, while the chair of the Remuneration Committee says a few words on our remuneration policy. However, in 2017, I was the chair of the Remuneration Committee, so this year, I will cover this topic as well. Sam Laidlaw, our new RemCo chair, will have the honor next year. Under U.K. law, shareholder approval is required for our remuneration policy at least once every 3 years. We last sought and obtained that approval in 2015, and therefore, the policy is subject to shareholder approval once again this year.

In preparation for the triennial vote, we undertook a comprehensive review of our policy last year, including independent advice from our remuneration consultants, and meetings with our major shareholders in Australia and the U.K. As a result of the feedback we obtained during the consultations, we have increased the focus on fatalities by introducing a new binary measure into our short-term incentive plan.

Should there be a single fatality anywhere in the group, there will be 0 payment in relation to this component of the plan. Sadly, this will be the case in 2018, given the tragic death of our colleague that J-S has just referred to.

The other significant topic discussed as part of our consultant -- consultations was a proposal to replace the performance share awards under the long-term incentive plan with the restricted stock, while at the same time, significantly reducing the content of the award. Both the board and management remain of the view that restricted stock has considerable merit in a long-term cyclical industry such as mining. However, during our consultations, it became clear that there are a wide range of opinions within the investor community in relation to restricted stock.

We therefore decided not to proceed with this proposal at this time, but we may seek to reintroduce it at some future date. Instead, in consultation with our major shareholders, we have reverted to a conventional LTIP structure. But in order to achieve greater simplicity and transparency, we have eliminated the relative EBIT margin measure, which is complex, opaque and impossible to track during the performance period. As a result, payments under the LTIP will be determined by our relative TSR performance, measured equally against the Euromoney Global Mining Index and the MSCI World Index, reflecting the fact that Rio Tinto competes for capital with both mining companies and other global companies.

Turning to the remuneration decisions with respect to 2017, the safety result for the group was broadly on target, but we made a downward adjustment to both J-S and Chris to reflect the 2 tragic fatalities that occurred in 2017. Unflexed earnings and free cash flow were between target and outstanding, largely reflecting higher than budgeted commodity prices, while flexed earnings and free cash flow were slightly below target.

Both upward and downward adjustments were made to the STIP financial outcome, in accordance with our normal rigorous process, to ensure that comparisons with budget were on a like-for-like basis. This year, this resulted in a net upward adjustment, but in 5 out of the last 8 years, the net result has been a downward

adjustment. Individual performance scores for executives were also down on average compared to the prior year.

The net effect of all of this was that the overall 2017 STIP awards for J-S and Chris, expressed as a percentage of maximum, were lower than in 2016, reflecting the challenging targets that were set at the start of the year. Despite this, J-S's single total figure of remuneration was higher than in 2016, mainly because 2017 was his first full year as Chief Executive.

This year, base salary increases for members of ExCo were broadly aligned with the average base salary increases applying to all other employees. The proposed LTIP grant for the CEO is consistent with practice over the last 6 years, during which time, awards for executive directors have ranged from 400% to 430% of base salary, taking into account performance, retention requirements and the shareholder experience. In our annual report, we also voluntarily disclosed our equal pay gap and gender pay gap, which were 3% and 1%, respectively, for our worldwide workforce. This generally encouraging result masks a less favorable position in a few locations, however, as a result of the relatively low level of diversity in senior management positions. J-S has already talked about the steps we are taking to address this issue. Returning to the other resolutions, as in past years, we have included a resolution seeking authority for Rio Tinto to make political donations. There is no intention to alter Rio Tinto's policy, which is not to make donations to political parties or political candidates. However, the term political organization is very broadly drafted under U.K. law. We are therefore seeking this authority as a precautionary measure to ensure that Rio Tinto does not inadvertently breach U.K. law.

Resolution 18 will be voted on by Rio Tinto Limited shareholders only and has been proposed as a special resolution. It is a routine resolution which comes up every year to allow Rio Tinto Limited to buy back its own shares. This year, Rio Tinto Limited has 2 resolutions put forward by the Australasian Centre for Corporate Responsibility and a group of co-filers for consideration at this meeting. These resolutions are set out in the addendum to the notice of meeting dated the 14th of March, 2018.

Resolution 19 seeks an amendment to the Constitution of Rio Tinto Limited to permit shareholders to propose non-binding advisory resolutions at the company's general meetings.

And Resolution 20 is a non-binding advisory resolution requesting a board review of direct and indirect public policy advocacy, a report on that review and the disclosure of criteria by reference to which the company would discontinue membership of an industry association. As Resolution 20 is a non-binding advisory resolution, it will only be valid if Resolution 19 is approved by the required 75% majority.

Your board does not support Resolution 19, because the legal status of advisory resolutions in Australia is unclear and the resolution would create uncertainty about the authority and accountability of your directors. We therefore recommend that you vote against Resolution 19.

There are parts of Resolution 20 that the board agrees with. And in our extensive engagement with the co-filers and other shareholders on this matter, we have found a lot of common ground. For example, we have already set out the principles that govern our membership of industry associations. We do assess the alignment of our policy positions with those of the industry associations we engage with and we have committed to greater transparency in our reporting, including identifying on an issue-by-issue basis, where our policy positions are significantly different.

However, resolutions are binary. You either vote in favor of all of the provisions or you vote against, you cannot pick and choose. And for that reason, your board recommends that you vote against Resolution 20, as we do not support all of its component parts. Let me explain why.

Many of you will recall that in 2016, your board recommended that you vote in favor of a resolution requisitioned by "Aiming for A". By recommending that resolution, your board committed to a multi-year program of engagement with our long-term shareholders in relation to energy and climate change. The "Aiming for A" resolution provided a broad strategic framework, within which, Rio Tinto committed to increased disclosure on climate change matters, including advocacy. "Aiming for A" set out broad, but demanding strategic objectives, but left the tactical decisions on implementation to the board and management.

In contrast, Resolution 20 is highly detailed and prescriptive about the steps the board should take to evaluate its membership of industry associations. It also requires the board to set out a series of red lines, which would oblige Rio Tinto to discontinue membership of an industry association unless the association agreed to promote Rio Tinto's policy on energy and climate change. The main point of principle on which we disagree with the resolution is as follows. We believe that engagement, particularly with those who hold differing views, is essential if we are to make progress in solving the highly complex and multifaceted challenge of climate change. In our view, refusing to engage with industry associations unless they adopt Rio Tinto's policy on climate change is counterproductive. We believe that the only effective way to make real

progress in addressing the challenge of climate change is by engaging to find common ground and pressing for change where there is lack of alignment. While we disagree with some aspects of Resolution 20, we have found our engagement with the co-filers, shareholders and with civil society very helpful in clarifying their expectations of how we can improve disclosure on industry associations going forward, and we will make changes that reflect the feedback we have received. In keeping with our principles, we will also continue to engage with the co-filers as part of our broader climate change engagement activities to try to find common ground that addresses their concerns. Nevertheless, your board recommends that you vote against both Resolution 19 and Resolution 20.

Ladies and gentlemen, I should now like to proceed to questions from shareholders on any matters relevant to the business of meeting before we move on to vote on the resolutions themselves. If you have a question on any of the resolutions, please hold up the yellow, blue or green colored card which you were given at registration. To ensure that everyone watching by webcast can hear you, please wait until a microphone is brought to you. Before asking your question, please state your name, and if you're representing an organization, the name of the organization. Kindly return the microphone when you have asked your question.

As many people usually wish to ask questions, may I ask that you keep your questions short and to the point. In order to give as many of you as possible the opportunity to ask questions, I will discourage supplementary questions from those who have already spoken. But I do not, of course, wish to constrain debate and discussion in the meeting today. If you are entitled to vote at today's meeting, you should have been handed a yellow or blue admission card when you registered this morning. If you do not have one, please raise your hand and an attendant will bring you one.

When we have finished the question-and-answer session, I will ask you to complete your poll card. Before we open up the floor for questions, I would like to invite Brynn O'Brien, from the Australasian Centre for Corporate Responsibility, to make some remarks on Resolutions 19 and 20. Can we have microphone 1, please?

BRYNN O'BRIEN: Thank you, Mr. Chairman. I should say at the outset that without board support, we have never expected this vote to succeed on the numbers. But this is a reasonable resolution which our company's board has missed an opportunity to support. A number of our company's major investors have encouraged us to take credit for being able to shift the dial, even a little bit. The expectations of many of your investors, particularly in this country, are low. But the co-filing group, which includes Local Government Super, The Seventh Swedish National Pension Fund and the Church of England Pensions Board...

UNIDENTIFIED PARTICIPANT: (inaudible)

BRYNN O'BRIEN: I've been invited to make some remarks. The co-filing group has higher expectations of Rio Tinto, so do those funds, which have publicly declared support for the resolution, which I can now say represent assets under management of over \$3.5 trillion. A note about what we ask for and how you have responded. We asked for the most basic transparency about your relationships with fossil fuels lobbyists, a full list of the organizations you belong to and the cost of those memberships. You have resisted. We asked for an evaluation of the advocacy done by these organizations using shareholder funds and their impacts on the company's interests. You have resisted. We asked for the board to disclose to shareholders the criteria against which relationships with lobbyists would be ended. For example, if a lobby group campaigns for a government to exit the Paris Agreement on climate change, would you exit the lobby group? Even on this measure, you have resisted. How have your lobbyists responded? For one, the Minerals Council of Australia have had to be dragged kicking and screaming in order to make the most basic references to Paris and to emissions reductions in their climate and energy policy. But if you conduct a thorough and objective evaluation of the MCA's advocacy, even after the new policy statement is made, you will see that they have persisted in campaigning for new coal-fired power in Australia against our company's interests. The commitments made by Rio Tinto in the lead-up to this AGM give us no confidence that such an evaluation will ever be conducted. As for the U.S. Chamber of Commerce, they are the lobby group which campaigned for President Trump to withdraw the United States from the Paris Agreement, and they won. Funded in part by Rio Tinto and its shareholders, the U.S. Chamber precipitated what may prove to be the single most destructive act taken by a government in terms of our global ability to limit global warming to 2 degrees, funded by Rio Tinto and its shareholders. There are other organizations of which our company is a member which actively campaign against our company's interests and the point is this: A full and proper evaluation, an unvarnished evaluation, if you will, against objective criteria, the development of which we have entrusted to the board, is a reasonable, sensible and prudent way forward. And this is why, in the face of all of the available evidence, they persist. Let me be clear, the global fossil fuel lobby has one objective, to slow the world's transition to a low-carbon economy, and they are winning. In Australia, in the space of just 5 years, we have gone from global leaders on climate and energy to global laggards. The global fossil fuels lobby, which wraps itself up in more palatable issues like taxation, like health and safety, and I emphasize, that the mixing of these things is deliberate, the global fossil fuels lobby has a single aim, to slow our transition to a low-carbon future. They know that the end of fossil fuels dependence is coming, and it is in their rational

self-interest to slow it down. There is only one thing that can prevent catastrophic global warming: Accelerating our transition to a low-carbon economy.

It is in Rio Tinto's interest, especially now that it has exited coal, to accelerate this transition or at the very least, to not stand in its way. In this sense, the interests of fossil fuels lobbyists and the interests of this company are fundamentally misaligned. But in many respects, the damage has already been done. And just a brief note that the damage goes beyond the energy sector. Funded by Rio Tinto and its shareholders, the Minerals Council has been a vocal attacker of the ability of civil society organizations to advocate on public policy issues. The democratic space in Australia is shrinking and the Minerals Council, funded by Rio and its shareholders, should take much of the blame.

As for Rio Tinto's approach to our co-filing group, at every turn, you have sought to downplay our concerns. You have resisted engagement with the substance of the resolution. Again and again, we offered the company chances to negotiate a sensible way forward including, and I emphasize this, on components of the resolution with which we asked to find common ground. And here we are.

The voting results may well reveal that you have benefited from the complacency of the Australian investment sector, but I believe that the voting will demonstrate that you have been rebuked in certain terms by responsible investors in Europe and the United States. This should be a moment of self-reflection, not only for Rio, but also for those Australian investors, particularly superfunds, who mistakenly believed it is in their members' best interest to vote against this proposal. The board should have supported Resolution 20. I commend it to my fellow shareholders. Thank you.

SIMON ROBERT THOMPSON: Thank you, Brynn. I suppose that the key issue that I disagree with you on that statement is you say that we have ignored the substance of the resolution, and that simply isn't true. In all of the engagements that we have had with you and your co-filers, and I personally have had 3 meetings with your association and with the co-filers, and I've had numerous other discussions with people who support the position you're taking. And I think we have absolutely supported the substance of the resolution. What is, I think, unfortunate here is that this discussion is obscuring the huge progress that Rio Tinto has made in relation to climate change. We have had a public -- clear public policy position on climate change for 20 years. We have used carbon pricing, as we do our capital allocation decisions, for 10 years. Since 2008, we have seen a 38% reduction in our greenhouse gas emissions and we've seen a 24% reduction in the intensity of our greenhouse gas emissions. As you said in your statement, we are in the process of divesting all of our interest in fossil fuels. We talk about the purpose of our company, that we produce materials essential to human progress. That is precisely what we are doing. The copper that we produce is absolutely essential for the electrification, which is going to be a hugely important part of decarbonizing the economy. The aluminum we produce is going to be critical for lightweighting and transportation and other mobile applications. The boron we produce is critical to insulation. The mining industry has to be part of the solution to climate change, and we are determined to be part of that solution.

I think the other misconception is that industry associations are concerned solely with fossil fuels, they are not. Industry associations perform a wide range of services to the industry. They, for example, help us to share best practice on health and safety and the environment. They help us, particularly in Australia, on critical issues like native land title. They help us to establish industry standards on critical areas like tailings management. They help us to develop our people -- professional development of some of our key people. They help us to talk as an industry to the entire supply chain and to the entire employee base on critical issues like modern slavery. So there are a wide range of issues on which we engage. Climate change is a hugely important issue, but it is only 1 of about 12 major areas where we engage with MCA. We have been absolutely clear that our policy is not the same as the MCA's, but instead of simply walking out of the organization, we have engaged with them and try to seek alignment and common ground. And through that process of engagement, the MCA has, over the past few weeks, announced a -- an amended policy on energy and climate change, which broadly aligns with Rio Tinto's position. And we will continue to engage. I think that is a demonstration of by engaging, we are making progress on these issues, and we will continue to engage with the MCA under its new leadership as we pursue that goal. So I really do -- I do disagree that we have ignored the substance of the agreement. I think what we've done is ignored the detail. You asked us to provide details of all payments made to industry associations worldwide that we are members of. We are members of hundreds of industry associations because we are a global mining company and we engage with our industry in any country where we are active. In many cases, the amounts that we pay are extremely small. I, of course, ask the team to evaluate what would be required to actually meet your objective of recording every payment with its date and the recipient since 2012. So I can give you an example. We are a member of the Alaska mining association. We paid them \$2,000. We did so because we may explore in Alaska. They presumably have a position on climate change. But frankly, we don't engage with that association in any way on climate change. And yet your resolution would require us to do a media search to find out precisely what their position was and then to set out whether we agreed or disagreed with that position and whether it conformed or not with the Paris Agreement. We could, of course, do that. But frankly, it would not advance the debate on climate change, and it would not be information that would be useful to the vast majority of our shareholders. What we have agreed to do is to set out the broad principles that cover

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our membership of industry associations. And we have agreed to, on an item issue-by-issue basis, reveal where our policy position differs from those major mining associations, including the MCA, where we engage, specifically, on the climate change issue.

So thank you very much for your statement. I do know that Bill Hartnett also wants to speak on this subject. So before opening the floor up more generally, let me invite you, Bill, to make a statement on the same subject. I should have said that you are a representative of the Local Government Super.

BILL HARTNETT: Thank you very much. Bill Hartnett, Head of Sustainability at Local Government Super. We're an \$11 billion superannuation fund, the public offer superannuation fund with a strong commitment to responsible investment. We hold approximately \$42 million in shares in Rio Tinto. I'm here to speak to Resolutions 19 and 20. We've gone through quite a bit of a detail now with the conversation with Brynn and yourself. It is a resolution where -- that we put forward because we felt that there was a gap in what Rio Tinto was currently doing in this area. It is a resolution on an important issue around the work of climate change lobbyists and advocacy and industry groups, with their positions self-interested and short-term, that can be very well misaligned with the needs of long-term superannuation investors and create poor outcomes because of this.

This was an issue and a resolution and is a resolution, around disclosure, purely around disclosure. We were noticing that there was inconsistency, just as you mentioned now, Chair, that Rio Tinto was involved in hundreds of groups. In previous requests on the "Aiming for A" resolution, there was some reporting. You have reported in your public climate change report from 2017. There was 4 groups you're involved with. In CDP, there was 11 groups that you're involved in. And now there are hundreds of groups. So the investors in this area, and we could discuss the tos and fros of whether we're talking about the substance of the resolution itself. We're very much wanting to have a compromised position on what is appropriate levels of reporting in this area. Local Government Super is not a superannuation fund that uses resolutions and shareholder resolutions often. This is very new territory for us. We do it on areas of conviction. The levels of conviction that we look at are the materiality of the issue. For Local Government Super, climate change is a particularly -- is the most significant ESG, long-term investment ESG, that we can consider.

Whilst we acknowledge that Rio Tinto has done some very good things in climate change, the area around lobbying is an industry-wide issue, and in fact, it's not just a fossil fuels industry or resources industry issue. This has been on the agenda for investors for several years because it undermines -- we're trying to do evaluations of companies' commitments to sustainability. Rio Tinto is an industry and a company with significant, what we call, environmental and social governance issues that you have to deal with. And indeed, you have mentioned some of the ones where they're not just climate change, they're broader environmental, social issues, you -- and Rio Tinto has several of them, that you need to deal with, because you understand that's important from a long-term shareholder value perspective. We need to get confidence with the company that they are committed to doing this over the long term. With the area of climate change, lobbying or the position and funding on advocacy around -- areas around climate change, it goes so completely to undermine the position of a company around commitments to Paris or wanting a stable energy and policy climate for electricity in Australia. We have seen how they've been stagnated, this policy debate, in Australia and globally, and it costs my shareholders and my members lots of money through this policy uncertainty. So this resolution that we put forward to Rio Tinto was not purely -- it's not something that we do to put the company at a competitive disadvantage. We have placed it to -- BHP Billiton have been asked similar questions. Other mining companies around the world and indeed, many other industries around the world, are asked about this, their involvement with industry groups. Of course, things around, I mean, you come to your own conclusion, things around climate change, the importance to address climate change, is clearly strategically, incredibly important than it -- it's just amazing that we have such slow implementation around how we're going to get there and what are the causes for this. And it is often in the lobbying area. So this is why lobbying and the role of industry groups in this area is just so exceptionally important.

So this was an issue of governance. It was a reasonable issue. We work very -- and we continue to be -- and we have had discussions, and we continue to be very open to discussing how to go about it. This is a reasonable request that has been supported, not by just LGS, but also international investors that have both filed and now are supporting it, to the tune of about \$3.5 trillion in funds under management. In terms of the response from Rio Tinto's board in this engagement, well, we were to do -- like to see improved engagement on the outcome rather than the substance. LGS does not do shareholder resolutions often. We don't want to do it, but when we don't see that there is sufficient progress in Rio Tinto's response to things like "Aiming for A", then we will continue to take next steps in demonstrating the importance of this from an ESG perspective. LGS has been an investor in Rio Tinto for 20 years. We want to be an investor in Rio Tinto for the next 20 years, but your industry is facing considerable challenges going ahead. So for that, we would really encourage that in the interest of shareholder value and of my members' retirement savings, that Rio adopts a leading, proactive and strategic approach to all its ESG, environmental, social and governance issues management, and particularly this one around climate change reporting and the association with industry groups. And on that basis, we look forward to further discussions with you on this. And on this basis, we recommend the support of Resolutions 19 and 20. Thank you.

SIMON ROBERT THOMPSON: Thank you, Bill. And look, let me say, like so much of the engagement that I had on this topic and that the entire team has had on this topic, I agree with so much of what you have said. It clearly is a hugely important strategic issue. It is going to be one of the defining issues for the world and the mining industry, of course, over the coming decades. I think the disagreement here is primarily, as I said in my introductory remarks, over the granularity and the tactical nature of this resolution. We do not disagree with the substance of what you just said, that this is something that we all collectively have to work to solve. I think the fundamental point is this, that we believe that the way to solve this issue is through engagement. That means engagement with our shareholders, of course, which we're doing through the "Aiming for A" process, which has evolved over the years into Climate Action 100+ and now involves the vast majority of our long-term shareholders. And we -- but we also need to engage with civil society and with governments and with consumers, and we need to engage with the mining industry. The mining industry has to be part of the solution to this problem. And simply refusing to engage with people who do not agree with you will not move the debate forward. That's the fundamental point.

I'm going to throw the questions open to the entire floor now. So if anybody does wish to ask a question, please put up your hand and we'll make sure that you get a microphone. There's a gentleman here, 2 of them, in fact, sitting quite close together. Can we have microphone 1? Thank you.

Questions and Answers

UNIDENTIFIED PARTICIPANT: My name is [Duncan Satin.] I own the proxies for the Australian Shareholders' Association. My colleague here has done the numbers and apparently with all our proxies, we are your 14th largest shareholder. So anyway, here goes on their behalf. You've been presented, thanks to the wonderful work of your predecessor, with a really now a tight board. And you're almost certainly going to be expanding this over the next year or so. Could you give us some idea as to what kind of qualities and capabilities you'll be looking for and how you might go about it. And in particular, as long-term stockholders, we've seen this board go from 14 or so right down to the quite low level now, but we're always concerned, and this is no reflection on Megan, or David Constable, that we do need more mining expertise or on geological mining expertise in the board.

SIMON ROBERT THOMPSON: Thank you very much. And I did enjoy the meeting that we had last week, so -- and good to see you here today. Yes, the board is somewhat below strength at the moment. And furthermore, as I said in my opening remarks, we will be losing Chris Lynch in the coming months. And Chris has been a very big presence in the boardroom in every sense of the word, so -- and Chris, of course, provides a range of experience that we will need to replace, including, of course, a tremendous knowledge of the mining industry. So we will -- I think the priority for us is to have a replacement for our CFO. When we have done that, we will look at what other skills we will need to build on the board generally to complement those that the new candidate does not provide. I think it is, I think, unfair slightly to say that we are lacking mining expertise on the board. I mean, David has been responsible for managing coal mines in South Africa. David has also built a lot of mines, including, I have to say, one gold mine that I used to be responsible for in Patagonia. So there is a lot of expertise in capital project management, specifically, in the mining industry, that David brings. And of course, Megan worked for Western Mining Corporation and brings a huge amount of experience in the technology, which is relevant to the mining industry. We are, I mentioned Paul Tellier is stepping down at the conclusion of this meeting. We have traditionally had a good representation of Australian directors on our board and a good representation of Canadian directors. We have -- David is in fact Canadian, although he's based in America. And Megan is half Canadian, but based -- I'm sorry, Ann is half Canadian, but based in the United Kingdom. So -- but again, I think we need to look at whether we have sufficient representation from Australia and Canada on our board. So those are the sort of areas that we'd be focusing on. Can we have another question? There was -- do you want to ask a question as well? Yes. And so it's #1, again.

UNIDENTIFIED PARTICIPANT: [Ty B. Meredith]. I'd like to congratulate you on being Chairman and the open door policy, which will get results, I'm sure. I've got 2 questions, probably left field, one is about water, potable and non-potable and what steps are being made to use it, more environmentally friendly, shall we say, and water savings. The other question is about lobbyists. I see lobbyists as dangerous ground for any company. How will you control them, pay them and make sure they're doing what you want and exactly what you want and not going into areas they shouldn't be in?

SIMON ROBERT THOMPSON: Thank you for those questions. On water, you are absolutely right. And it actually links back to the earlier discussion we had on climate change, that water is going to be an absolutely key strategic issue, particularly in areas of water shortage. So it is a big focus for us. And we, as a board, were lucky enough to visit the Bundoora research facility just on the outskirts of Melbourne yesterday, where there is a lot of R&D work going on to try and make mining more water efficient, so that we absolutely do reduce the amount, particularly, if possible, water that we consume as an industry and recycle the maximum amount within the processes that we have. I'm going to pass this to J-S, because water is clearly a major issue, particularly, in water deficit areas such as Mongolia. So J-S, could you talk about some of the work that's going on there?

JEAN-SÃ©BASTIEN JACQUES: Yes, thank you, Simon. Very good question. I think Mongolia is a good example of it. Oyu Tolgoi is in the middle of the desert. What we've done is, over the years, is we found a few kilometers -- a few hundred of kilometers away, a source of water, which is not -- which cannot be used by any human being, and we've carried -- we are transporting this water to the mine site. And what we have is -- and we are there, is recycling more than 85% to nearly 90% of the water there, because we fully acknowledge that water is a critical issue. And I think Mongolia is a very good example of what we're doing. But if I may use another example, is closer to home, which is ERA. As you know, water, big issues. We have committed to maintain the quality of the water for many, many thousands of years, and it is absolutely clear, as and when the mine will shut down, we'll deliver on our commitments on this one. So it's a very good question, and we are really working on it. And I think the -- as I said, the Oyu Tolgoi is the best example we have.

SIMON ROBERT THOMPSON: And on your second point on lobbyists and agents, of course, that is an area that we have been very focused on indeed, particularly in the light of the Guinea allegations. I think our procedures are strong, but it is an area where we need to remain absolutely vigilant, that if we do employ consultants, we're absolutely clear about the scope of the work that they perform. So again, not surprising an area that the board has focused very closely on over the past couple of years. Could I invite other questions from the floor? There's a gentleman here, microphone 2, please.

UNIDENTIFIED PARTICIPANT: It's [Tony Lawrence]. I'm noted that we have sold off many thermal coal assets in the last year or so. What's the thinking behind this?

SIMON ROBERT THOMPSON: The decision to sell the thermal coal assets was based purely upon value considerations. Of course, as we thought about the future value of those assets, we very much took into account the overall implications of climate change for the demand and supply of that commodity going forward. But it was driven by maximizing value for our shareholders. So it was a commercial decision. But it is, I think, we were very pleased with the price that we obtained, there was a good level of competition for those assets. And as you will have seen, we've more recently announced that we will also be exiting our metallurgical coal assets in Australia, at which point, we will be out of the coal business completely. Yes, there's a gentleman holding up a blue card, #1, please.

DAVE SWEENEY: Mr. Chair, my name is Dave Sweeney. I'm representing the Australian Conservation Foundation. I welcome the commitment made in your opening address about the company's commitment to environmental stewardship and the importance of that work, and reinforced in the CEO's comments about matching performance with words. And I suppose that's what's on test now at one of your twilight Australian assets, which is the Ranger uranium mine in Kakadu. I know this issue has been raised at ERA's meeting, at your London AGM in April and also in other forums. But I think it's really important to convey to the board in Australia that this is a key test of Rio Tinto's corporate responsibility and credibility in this country. How you manage the closure and exit of the Ranger mine will be a significant issue that Rio will be closely watched and long judged on. In that sense, I note that it's been an issue of contest, operations at Ranger, but what is not an issue of contest is the new era now of closure, because we have many stakeholders with shared aspirations to see the best practice and the best possible outcomes at that site. In that sense, I welcome your commitment to transparency and I wonder if you can give some clarity and a commitment on when a key document outlining rehabilitation procedures, the mine closure plan, will be made publicly available?

SIMON ROBERT THOMPSON: Thank you. Thank you for your question. And it is, as you say, a very, very important issue, the closure of ERA. I'm going to ask Megan to talk a little bit about how the board will supervise the process of closing -- the closure of ERA through the Sustainability Committee. But first of all, let me assure you that we are committed to adopting the best standards, as we think about the closure of ERA. My predecessor, I know in earlier AGMs in Australia, has said that Rio would ensure that it was done well and provide financial support. So I can confirm that at the moment, the estimated cost of closure is around \$500 million, that ERA has cash, will have cash on hand at year-end of about \$468 million. But they also have a standby credit facility from Rio Tinto of \$100 million. So they do currently have sufficient resources to meet the estimated cost of closure. On the closure plan itself, that will be completed in the early part of this year. And the first and most important step is that we engage with stakeholders locally, particularly the indigenous -- the landowners, so that they have the opportunity to comment on the closure plan, and that we can feed their -- any issues or concerns into it. But it will then be made publicly available, hopefully by the end of this year. And obviously, there will be a process of engagement that goes around that. But Megan, can you just talk about how the board will look at these issues?

MEGAN ELIZABETH CLARK, NON-EXECUTIVE DIRECTOR, RIO TINTO LIMITED: Thanks, Simon, and thanks, Mr. Sweeney, for your question. We share both your interest and concern and we're spending considerable time on looking at the closure plan at the board level. As Simon mentioned, we will be releasing, following consultation, the closure plan. But let me just go back a little bit. At the end of 2016, ERA did submit the draft Ranger closure plan to the stakeholders for -- and that's part of our consultation process. And then we will move forward for the further release. Right now, what we're looking at is some of the sort of pre-feasibility or feasibility work that lets us look at the costing of those options. We're acutely aware that it is

important, as we move to a generation when a number of mines throughout the world and throughout our industry will need to go through closure. So we see not just the responsibility that we have at Ranger, but also the responsibility that we have as an industry. As a measure of that, the board will be visiting, parts of the board and particularly the Sustainability Committee members, will be visiting ERA in November this year.

SIMON ROBERT THOMPSON: Thank you very much for the question. Can we have another question from the floor, please? I'm sorry, there's -- yes, there is a gentleman holding up a blue card there, #1.

UNIDENTIFIED PARTICIPANT: My name is [Anthony Dillon], and I'm a proxy for [Ms. Christine Barbara Morris.] On Page 24 of our climate change report, our company has made a commitment to publish a scenario analysis for this year. As well as inquiring when these scenarios will be published, I note that one of the scenarios, the cooperative outcomes scenario, is based on an IEA 2-degree outcome. Is this for the IEA 450 scenario?

SIMON ROBERT THOMPSON: Yes, it is. It is the 450 PPM scenario.

UNIDENTIFIED PARTICIPANT: Okay. And when was that going to be -- just wondering when that might be published as well?

SIMON ROBERT THOMPSON: It is something that we were discussing, in fact, at the Sustainability Committee meeting that we had earlier on this week. And it is absolutely work in hand. It is, as you can imagine, an extremely complex area. We have committed to progressively move towards reporting in accordance with TCFD, the task force on climate change-related financial disclosure, part of which is the obligation that we will, in due course, put out quantitative scenarios, looking not just at the 450 PPM scenario, which takes you to the 2 degrees, but also add other scenarios which may emerge. And as part of that, we've got a very rigorous series of work streams going on, looking at the resilience of our individual assets to potential changes taking place as a result of climate change, for example, extreme weather events, rises in sea level, extremes of temperature and so on. So that is one work stream. We have another work stream which is looking at each of the products we produce and how both the supply and demand of those products and the costs of producing those products might be impacted by climate change. And then, we have to pull all of these work streams together to try and create some overall scenarios for the impact on our business. I mean, we think, that in a number of areas, the impact will be very positive. I mentioned earlier on, demand for copper, demand for aluminum. So in a number of the metals that we produce, we think that actually, it will increase demand for those products. In other areas, it clearly poses a more significant challenge. But it's a complex piece of work which we do hope to pull together over the next 12 months or so.

UNIDENTIFIED PARTICIPANT: Okay. Thank you for that update. Just as I leave you, is the board aware that this scenario, the 450 PPM scenario, gives us a 50-50 chance of staying below the 2-degree limit? Are they odds that the board is comfortable with?

SIMON ROBERT THOMPSON: Yes, it is a question that the world needs to ask itself. I mean, the IEA 450 PPM is the scenario that we are required to report under for TCFD purposes. And of course, part of the objective here is to try and get some sort of systematic approach to reporting, which will enable investors and indeed, other stakeholders to start forming a view on the impact of climate change on our businesses. But as I said earlier, we will be looking at a range of scenarios. Thank you for that question. Yes, the gentleman here. So Mr. Sweeney again.

DAVE SWEENEY: Mr. Chair, it's a second matter, and I didn't want to conflate the two. It's in relation to Resolution 20. I understand the complexity and the policy nuance and the importance of engagement with those that you do not necessarily agree with. I don't read and I don't see a construction of Resolution 20 that precludes Rio Tinto having a continued engagement with industry bodies. I see a resolution that calls for a review, a valuation disclosure and the communication of criteria. And I also see a resolution that is advisory, an expression of intent and aspiration and it's non-binding on the board. So I don't see your rejection of it as consistent with a lot of the Rio Tinto commentary. I understand the accounting difficulties it might pose, but I think it's an important signal for the company to send. I think for the members of the board, and I note there's not a lot of Australians -- who aren't Australian, and the Australian political space with the mining -- Minerals Council of Australia and other regional advocacy groups for the industry is often a competitive and hostile one. So this isn't just a climate policy, it's about the climate of politics in this country. I think it's clear, the real politic is, without board support, this resolution will not prevail, that's clear. But there's an equal truth, and that is outside this room, this call and this expectation will not diminish. And I urge Rio to reflecting on this board meeting, to reflect on the approach to this resolution, which I think is prudent, positive and consistent with Rio's values. Thank you.

SIMON ROBERT THOMPSON: Thank you. And once again, I agree with you. And we have made it absolutely clear that we will continue to engage. And indeed, even though there wasn't a resolution put to the London AGM, we did invite one of the co-filers, the Church of England who chose to file in Australia rather than in the U.K., to make 2 statements, as I did earlier on, about this resolution, so that the London AGM

would also be aware of the strength of feeling from the people who put this resolution forward, and we have committed to continuing our engagement with them. I would say that I talked earlier about the red lines being one of the concerns, that one of the requirements of the resolution was that we should set out the criteria by which we would cease membership of industry associations unless they promoted Rio Tinto's policy on energy and climate change. One has to remember, we are the second-largest mining company in the world. And therefore, we have -- often, the membership fees that are paid to industry associations are by reference -- or reference to revenues or size. So we are a significant funder of some of these institutions. We just don't think it is appropriate to go into a multi-stakeholder engagement, which is what an industry association is, with a set of rules and basically say to that association, "Either you agree with Rio Tinto or we're leaving." Because that isn't engagement, that is an ultimatum. So we think that the right approach is to go in, to make what our policy position is very clear, and we have, as I said earlier, done so for 2 decades. We've had a public policy position on climate change. But to engage and to try to move the debate forward. That really is the fundamental point of principle where we disagree with Resolution 20. Do we have any other questions?

UNIDENTIFIED PARTICIPANT: If I may, with another question, not involving virtue signaling this time, but more to do with the board and your remuneration policy. As we discussed in our meeting last week, we congratulate Rio for having a remuneration policy, which specifies stock holdings for all the executives and the non-executive directors. As far as the non-executive directors are concerned, we think that the NEDs should have a sizable stock holding to essentially align their personal interest with the retail shareholders that we represent. Now on average, you guys are getting USD 200,000 a year, and we think that's about the kind of stockholdings that you should have built up, no, not instantly as soon as you join the board, but built up over a 4- or 5-year period. And we -- and last year, we mentioned that to the then-Chairman and we're pleased to see that Megan made a good investment in our company's future. And we would encourage all the others to do the same. But last year, we also mentioned that Ann and Michael were very low in their stockholdings, and this time, we will cast our proxies against them as essentially as, along that -- along a little bit of virtue signaling.

SIMON ROBERT THOMPSON: Yes, so as you say, we discussed this issue last week. And I have to say, I think you're being a bit unfair, because both of the directors that you've chosen to vote against, are actually absolutely in compliance with the company policy, which as you know, is that our directors should have a shareholding equivalent to the base non-executive director's fee, which is equivalent to about \$130,000, which I regard as a pretty material amount of money for shareholding. And indeed, the vast majority of our directors have shareholdings that are significantly in excess of that. But I think the point is here, the principle, which is that we require our shareholders (sic) [non-executive directors] to have a material shareholding, so that there is alignment with shareholders. I think \$130,000 is a material shareholding. And I'm not sure that having \$200,000 would alter their behavior in the way that they are aligned with shareholders in any way, versus a shareholding of \$130,000. But it is an issue which I know you've raised on a number of occasions, but I think it's slightly unfair to vote against the 2 directors when they are actually in compliance with company policy.

There's a lady sitting in the middle with a yellow card up. Can we get a microphone to her? Thank you, #1, please.

UNIDENTIFIED SHAREHOLDER: My name is [Greta Evans], and I'm just an ordinary person shareholder. But I wonder -- I haven't read Resolution 20, but I wonder if there could be some compromise in the wording of it, so that the board could agree and pass it? Because I'm thinking about future generations. And as Emmanuel Macron said, or is recently saying, "There is no Planet B." Thank you.

SIMON ROBERT THOMPSON: You're quite right. And I mean, the fact that whatever the outcome is on Resolution 19 and Resolution 20, our engagement on climate change will not cease. It is just a hugely important topic. It is probably the biggest strategic issue that we, as a board, are going to have to deal with over the coming decade or so. So we have to map out, as a company, a transition to decarbonize our business by 2050. That is extraordinarily challenging. It will present opportunities, but it will also represent some huge challenges for us. And that is something that we are committed to doing. And we are also absolutely committed to continuing to engage with all parties, but particularly with our shareholders, through the "Aiming for A" resolution, which the board recommended in 2016. So whatever the outcome is on Resolution 20, you -- rest assured that we will absolutely continue to engage with our shareholders, including the co-filers on this issue. There's -- yes, sorry, over there, #1, please.

UNIDENTIFIED PARTICIPANT: Many companies and they are providing incentives to senior executives, including the CEO, to provide -- to improve environmental, social and governance performance. Given the importance of reducing emissions, as we're discussing, will our company consider restructuring remuneration packages to encourage senior executives to reduce our company's emissions?

SIMON ROBERT THOMPSON: Thank you for that question. We're being tugged in 2 directions by shareholders on this issue, because, of course, there are a number of shareholders who say that we should incorporate ESG targets. We of course have, as we discussed earlier, a target relating to safety. But there are

some shareholders who would wish us to include that within our remuneration packages. However, the vast majority of our shareholders are pulling us simultaneously to simplify our remuneration packages and to reduce the complexity of the performance measures that we use. So we are being tugged in 2 different directions. But what I would say is that for those people who are directly involved in the execution of our strategy in ESG, environmental, social and governance issues, those sort of targets would be incorporated into the personal targets that they have which form a component of the short-term incentive plan. So they are addressed through that mechanism rather than an across-the-board target.

Are there any more questions? It seems not.

This is your last opportunity before we close the meeting, while I'm waiting for the -- my auto queue to rise.

So ladies and gentlemen, I think we have had a good discussion and that the time has now come for us to vote on the resolutions, which I have determined should be taken on a poll. Many of you have already sent in your proxy cards and you do not need to vote, but those of you who have not appointed a proxy and now being eligible, wish to vote, should complete your voting paper. These are on the back of the yellow or blue admission cards, which were given when you arrived earlier this morning. Please cast your votes by filling in your name and voting intentions and signing the voting paper. Please either hand your completed cards to the registrar staff or post it into one of the ballot boxes at the exit as you leave the room. If you have any difficulty, one of our attendants will be happy to assist you.

The polls will close approximately 15 minutes after the end of the meeting. Scott Hudson from Computershare Investor Services has been appointed as a returning officer for the poll. And the results of the polls will be announced as soon as possible after this meeting and will be posted on the Rio Tinto website.

Ladies and gentlemen, this brings us to the end of our meeting. On behalf of the board, I would like to thank you all for your participation and continued support. And I hope you would join me and my fellow directors and the executive management team for some light refreshments in the lounge opposite before you. As you leave, please remember to hand in your completed poll cards.

I now declare the meeting closed. Thank you.

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