

Mining in a new age – partnerships for future success

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****Check against delivery****

Good morning everyone, Your Excellencies, and Honourable Ministers, ladies and gentlemen.

It is great to be back in South Africa, and in Cape Town. Despite the terrible fires that have been so bravely battled, it remains a beautiful place. The heroism of the firefighters and the resilience of all those impacted, are an ongoing inspiration.

And of course there is great wine, great surf, and also some great white sharks, here. I've had a few close encounters with some of these on my surfing trips. I would really recommend avoiding them if you can.

Now, I'd like to start by remembering the ongoing tragedy in Minas Gerais, Brazil. Our thoughts and prayers are with the families and communities of those affected. The unbearable loss of life, the suffering, and the damage to the environment, mark not only a terrible tragedy but also a dark moment for our entire industry.

It is at moments like these that you stop and pause. At Rio Tinto, we issued a tailings standard for our managed operations in August 2015. We conduct regular monitoring audits and our dams are subject to independent third party reviews. Even so, our technical teams, are working very hard, right now, to consider what more we can and should do. We will take part in any industry-wide response.

Now to the business of Indaba. Rio Tinto has been working in Africa for almost twice as long as the 25 years the Mining Indaba has been running. It is fair to say that we have had our ups and downs here, but our chief executive for Energy and Minerals, Bold Baatar who runs our businesses here, and who is also our Africa sponsor, sees the continent through an opportunity lens.

Africa has good long-term economic fundamentals, a young and growing population and is the world's fastest urbanising region. From a mining perspective, Africa – is the home to 30% of the world's minerals – and is the largest untapped source of growth for our industry...Especially from what we call "the minerals of the future" – lithium, cobalt, titanium – which are here on the continent.

But above all this, Africa's greatest resource is its people. With 200 million people aged 15 to 24, Africa has the youngest population in the world, ready to take advantage of our new digital age. But – the economics and social landscapes of many of the countries in Africa, and globally, are changing.

Millennials want to work for companies with purpose. Communities want more participation in mining projects, as tech has the potential to change the face of the industry. Social media has fueled the desire for greater transparency.

So what I'd like to talk about today – is how our industry must evolve to meet the challenges and opportunities of a very different 21st century.

And I think we need to do this in three key ways:

- First, collaborate more across the industry and with new partners
- Second, change our mindset to include more diverse thoughts
- Third, evolve our business model to consider the impacts and opportunities of climate change, recycling and digital.

So, let's start with the first, collaboration.

We are an old industry – in fact, the oldest known mine, was in Swaziland, 43,000 years ago. So we're not just old – we're ancient! And of course, over the years we have changed, and modernised.

Technology is a great example – today, we use data and advanced technology, like automation, to make our industry more safe and productive. Rio did its first blockchain enabled trade of iron ore at the end of last year, partnering with a tech company. In November, we announced a \$2.6 billion investment in what will be our first paperless, and most technically advanced mine. With its own digital twin. We are using Artificial Intelligence working with IBM's Watson to improve maintenance productivity. Many of you in the room, will be doing some of this and more. But can we combine forces across industry players?

And it isn't in just tech where we can collaborate. In Australia with BHP we jointly supported adding an Indigenous voice statement to the Australian parliament – that encourages constitutional recognition of Indigenous people. We did this because first, we thought our two companies speaking together would have a more profound impact on the public debate in Australia than either one of us could, alone. Second, there are just some areas of business where cooperation is better than competition. At Rio, we sometimes call this “co-opetition!”

The other big area of cooperation and an issue that should be on all of our minds – is climate change. Addressing climate change, as we all know, will require a transition to cleaner energy. The World Bank says this transition will be extremely mineral intensive, which is good for the mining business. And a lot of these minerals – lithium, cobalt, nickel, manganese – will come from developing countries.

So the clean energy transition itself needs to be managed responsibly, pragmatically and sustainably. To allow resource-rich developing countries to benefit from the increasing demand for such minerals. And manage the transition risks.

To help tackle this the World Bank has developed a new strategy called 'Climate Smart Mining'. The Bank plans to raise \$50 million from donors and the private sector, and also plans to partner with academic and research institutions. Rio Tinto has committed \$1 million over 5 years to this initiative.

And we invite you to come join us. Climate change is the defining challenge of our lifetimes, and perhaps our children's as well. If our industry can't work together on this, then we have to ask ourselves – will we ever?

The second thing we must change – is our mindset. We need to see opportunities, as well as manage risks. And we need to welcome new perspectives.

Today, half the population – women – is vastly underrepresented in our workforce. I'm not saying that because I'm a woman, by the way, but because I am a business person, working with our team to solve some pretty tough issues, including here in Africa. I want to apply every good idea, every innovation,

every perspective to these challenges. But I can't do that if I don't have access to half the labour pool. And neither can anyone in this room.

The gender gap isn't a gender issue. It's a business and society issue. And we have a long way to go.

I know this because in my own company, women today make up less than a fifth of our workforce, and about 22% of senior management. From the top down at Rio Tinto, we know that's just not good enough. And we are taking serious steps to address this – we have concrete targets and other programs and we are aiming to be more inclusive.

But the story is equally bleak across our industry: estimates suggest that women comprise only 10% of the global mining workforce. This is undoubtedly one reason why we have a tiny number of women in senior management positions, and why women hold only 5% of the board positions at the top 500 mining companies, and only 9% of the top 30.

And sadly, we are not alone.

The World Economic Forum did a report on the global gender gap, and it found that women represent fewer than half of leaders in every industry analysed. And in some fields, like energy and mining, women hold fewer than 20% of leadership positions. More troubling to all of us in this room is – progress is slow.

Over the past ten years, the proportion of female leaders increased by an average of just over 2 percentage points across the 12 industries studied. And by the way, this is despite many of us having signed up to support the Sustainable Development Goals framework. At this rate, WEF estimates it will take us 217 years to close the global economic gap between genders.

I am pleased to say that there are some real bright spots in Africa: For example, at 86%, Rwanda has one of the highest rates of female labour force participation in the world – in the United States, by contrast, that number is 56%. And not only are participation rates higher in Rwanda, but the wage gap is also narrower ...in Rwanda, women earn 88 cents for every dollar men do; in the United States, it's 74 cents. Europe and America can learn from Africa in other ways: South Africa, Rwanda, Mozambique and Ethiopia all have among the highest levels of female leaders in parliament. Another notable example is the Mastercard Index of Women Entrepreneurs, in which Ghana and Uganda have some of the highest women owned businesses in the world.

So my question for this room is not only, why can't we hire more women, but why are more women not a bigger part of mining sector supply chains?

When I ask this question, I often get answers like – "Women just aren't attracted to this industry." "Well, at least we're better than the tech companies." Or – and this one is my favorite – "I think having women be 20% of our workforce is actually very impressive!"

So that's challenge number two – how will we change that?

Changing the public perception of mining is one way, and doing more to entice girls into science, mathematics and technology professions is another. Encouraging more flexibility and also being brave enough to speak about this issue, are others.

Third, I would say that in an era where we see entire industries' business models change – think of the media industry, and Netflix, or the retail industry, and Amazon – we need to take a good, hard look at our own.

Can we, and should we, expand our model to take into account the impact of our products? And by this I mean negative and positive. Should we be spending more time and effort (and money!) developing new products that help our customers' environmental footprint?

Last year, Rio Tinto launched a joint venture with Alcoa, with the support of Apple and the governments of Canada and Quebec. This partnership is called Elysis, and its aim is to eliminate greenhouse gas emissions from the aluminium smelting process, replacing them with pure oxygen. The impact this technology could have one day is astounding – if it were to be deployed at all aluminium smelters in Canada, it would mean 1.6 million cars would be taken off the road.

Customers like Apple are telling us they want to have all their products made of recycled material in the near future. As producers of raw material, what can we do to help them (and others) meet that goal – and drive the coming circular economy?

These partnerships, could help change the world, and climate change, but also expand the arenas in which we ourselves play.

In closing. Look, I understand there are no easy answers to any of this. Many of you in the room may think, this stuff is so far off, I don't need to think about it now. Others will say, it is too hard to change diversity.

But our industry is in the business of solving some of the world's toughest challenges. We drill 1.3 kilometres underground to mine copper – We find diamonds in frozen tundra near the Arctic Circle – under a lake, no less! – And at Richards Bay, here in South Africa, Rio Tinto turns the sands of the beach into the materials used in space travel, smartphones and even your toothpaste.

Of course, we can do more. We can and should collaborate more, as an industry. We can listen, and actively seek, new ideas. We must be more open and participatory. We can be part of the solution and not the problem. We need to connect the general public with how our materials are used. And it starts with the people in this room. And our government, communities and other partners. We can not do this on our own.

Chinua Achebe the Nigerian writer, once said "...if you find water rising up to your ankle, that's the time to do something about it, not when it's around your neck."

Well, the water is at our ankles. Hopefully not too shark infested. And now it's up to us. Thanks for having me, here today.

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