

Rio Tinto

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Is it Worth the Effort?

Business drivers to assess the return on sustainability

- ❑ Increase sustainability and community investment portfolio in green-field projects
- ❑ Make a biz case and measure return from sustainability and community investments
- ❑ Need a rigorous and recognized standard process & evaluation framework to be developed to evaluate specific social and environmental risks & opportunities as we do for finance
 - ❑ Establish an integrated approach to sustainability within the business planning process
 - ❑ Develop a decision making matrix for sustainability investments throughout full life cycle until closure of site (with a value assessment framework)



Is it Worth the Effort?

Business drivers to assess the return on sustainability

- Demonstrate that the investments related to social and environmental actions are indeed true drivers of profitability, productivity, and value protection/creation
- Build financial model and perform value analysis
- Finalize Business case and share it with the resource and finance sector to make it more robust
- Need for internal local communities representative to use rigorous financial tool

Is it Worth the Effort? Do the benefits outweigh the costs?

- Yes
- Need to change the paradigms. It is not a cost, but an **investment**
- Need to measure and respond to increased internal accountability
- Justification to create an enabling and favourable environment for investments
- Lack of rigor at the cost of our brand and reputation should not be a question
- Possibility to include the return of sustainability and community investment in the sell of our project rights by making it more attractive



Is it Worth the Effort?

-Do the benefits outweigh the costs?

**20% local
purchase of
goods and
services**

**85% of local
workforce**

**control food
and real estate
local inflation**

**sustainability
objectives**

**maintain the low
HIV and malaria
low prevalence
rate**

**preserve
biodiversity**

**engage local
communities at
the very early
stages of the
project**

Is it Worth the Effort? Do the benefits outweigh the costs?

- 2 Billion \$ Capex project, the positive value of Sustainability was clearly established



over 99.6% probability that sustainability value is positive

- the expected value of sustainability investments (50th percentile) was estimated at over **318 million \$** of direct and indirect value (costs included)

Is it Worth the Effort?

-Do the benefits outweigh the costs?

- *“This tool, the fruit of a collaborative process across sectors, represents the state of the art in planning and implementing strategic sustainability investments. It allows managers to value these investments both from the perspective of direct cash-flows and indirect risk mitigation. It highlights the optimal scale and timing of investments and through iterative use facilitates a more robust monitoring and evaluation of the impacts they bring. All of this serves to improve the quality of the interventions.”* Rio Tinto Alcan Regional VP Business Development for Africa.