

RIO TINTO PLC  
Form 20-F  
March 04, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**  
**FORM 20-F**

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

or

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: 31 December 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: \_\_\_\_\_ to \_\_\_\_\_

or

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report \_\_\_\_\_

Commission file number: 001-10533

**Rio Tinto plc**

(Exact Name of Registrant as Specified in Its Charter)

**England and Wales**

(Jurisdiction of Incorporation or Organisation)

**6 St. James s Square**  
**London, SW1Y 4AD, United Kingdom**  
(Address of Principal Executive Offices)

Commission file number: 001-34121

**Rio Tinto Limited**  
**ABN 96 004 458 404**

(Exact Name of Registrant as Specified in Its Charter)

**Victoria, Australia**

(Jurisdiction of Incorporation or Organisation)

**Level 7, 360 Collins Street**  
**Melbourne, Victoria 3000, Australia**  
(Address of Principal Executive Offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

<u>Title of Each Class</u>	<u>Name of Each Exchange</u>	<u>On Which Registered</u>	<u>Title of Each Class</u>	<u>Name of Each Exchange</u>	<u>On Which Registered</u>
American Depositary Shares*	New York Stock Exchange			New York Stock Exchange	
Ordinary Shares of 10p each**	New York Stock Exchange			New York Stock Exchange	
3.750% Notes due 2025	New York Stock Exchange		3.750% Notes due 2025	New York Stock Exchange	
7.125% Notes due 2028	New York Stock Exchange		7.125% Notes due 2028	New York Stock Exchange	
5.200% Notes due 2040	New York Stock Exchange		5.200% Notes due 2040	New York Stock Exchange	
4.750% Notes due 2042	New York Stock Exchange		4.750% Notes due 2042	New York Stock Exchange	
4.125% Notes due 2042	New York Stock Exchange		4.125% Notes due 2042	New York Stock Exchange	

\* Evidenced by American Depositary Receipts. Each American Depositary Share Represents one Rio Tinto plc Ordinary Shares of 10p each.

\*\* Not for trading, but only in connection with the listing of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission

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Securities registered or to be registered pursuant to Section 12(g) of the Act:

Title of Class

Title of Class Shares

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period

covered by the annual report:

<u>Title of each class</u>	<u>Rio Tinto plc - Number</u>	<u>Rio Tinto Limited - Number</u>	<u>Title of each class</u>
Ordinary Shares of 10p each	1,287,659,651	371,216,214	Shares
DLC Dividend Share of 10p	1	1	DLC Dividend Share
Special Voting Share of 10p	1	1	Special Voting Share

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrants are not required to file reports pursuant to

Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities

Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities

Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such

reports), and (2) have been subject to such filing requirements for the past 90 days:

Yes No

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during

the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition

of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large Accelerated  
Filer

Accelerated Filer

Non-Accelerated Filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark

if the registrant has elected not to use the extended transition period for complying with any new or revised

financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark which basis of accounting the registrants have used to prepare the financial statements included in this filing:

US GAAP

International Financial Reporting Standards as issued by the International Accounting Standards

Board

Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the

registrants have elected to follow:

Item 17

Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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This document comprises the annual report on Form 20-F and the annual report to shareholders for the year ended 31 December 2018 of Rio Tinto plc and Rio Tinto Limited ( 2018 Form 20-F ). Pursuant to Rule 12b-23(a) of the Securities Exchange Act of 1934, as amended, the information for the 2018 Form 20-F of Rio Tinto set out below is being incorporated by reference from the Annual report 2018 included as exhibit 15.2 to this 2018 Form 20-F ( Annual report 2018 ).

Only (i) the information set out below with the reference to specific pages of the Annual report 2018, including any page references incorporated in the incorporated material unless specifically noted otherwise (ii) the cautionary statement concerning forward-looking statements on page 300 of the Annual report 2018, and (iii) the Exhibits, shall be deemed to be filed with the Securities and Exchange Commission for any purpose, including incorporation by reference into the Registration Statement on Form F-3 File No. 333-217778, and Registration Statements on Form S-8 File Nos. 333-184397, 333-147914, 333-156093, 333-202546, 333-202547 and 333-224907 and any other documents, including documents filed by Rio Tinto plc and Rio Tinto Limited pursuant to the Securities Act of 1933, as amended, which purport to incorporate by reference the 2018 Form 20-F. Any information herein which is not referenced in the 2018 Form 20-F or the Exhibits themselves, shall not be deemed to be so incorporated by reference. The Annual report 2018 contains references to our website. Information on our website or any other website in the Annual report 2018 is not incorporated into this document and should not be considered part of this document. We have included any website as an inactive textual reference only.

All reference in the 2018 Form 20-F to we , our , the company or the Group mean Rio Tinto plc and Rio Tinto Limited.

## **PART I**

### **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

### **ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

### **ITEM 3. KEY INFORMATION**

#### **3.A Selected financial data**

The information set forth under the headings:

2018 at a glance on pages 4 and 5;

Financial review on pages 26 to 31;

Five-year review on page 73; and

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Shareholder information-Dual listed companies structure on pages 292 and 293;  
of the Annual report 2018 is incorporated herein by reference.

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The following chart sets out the amounts of interim and final dividends paid or payable on each share or American Depository Shares (ADS) in respect of each financial year, but before deduction of any withholding tax.

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Rio Tinto Group</b>	<b>US cents per share</b>				
Interim	<b>127.00</b>	110.00	45.00	107.50	96.00
Special	<b>243.00</b>	--	--	--	--
Final	<b>180.00</b>	180.00	125.00	107.50	119.00
<b>Total</b>	<b>550.00</b>	290.00	170.00	215.00	215.00
<b>Rio Tinto plc</b>	<b>UK pence per share</b>				
Interim	<b>96.82</b>	83.13	33.80	68.92	56.90
Special	<b>183.55</b>	--	--	--	--
Final	<b>135.96</b>	129.43	100.56	74.21	77.98
<b>Total</b>	<b>416.33</b>	212.56	134.36	143.13	134.88
<b>Rio Tinto Limited</b>	<b>Australian cents per share</b>				
Interim	<b>170.84</b>	137.72	59.13	144.91	103.09
Special	<b>338.70</b>	--	--	--	--
Final	<b>250.89</b>	228.53	163.62	151.89	152.98
<b>Total</b>	<b>760.43</b>	366.25	222.75	296.80	256.07
<b>Rio Tinto plc</b>	<b>US cents per ADS</b>				
Interim	<b>126.79</b>	110.99	44.59	104.94	93.30
Special <sup>(a)</sup>	<b>--</b>	--	--	--	--
Final <sup>(a)</sup>	<b>--</b>	181.15	125.62	106.66	115.76
<b>Total<sup>(a)</sup></b>	<b>--</b>	292.14	170.21	211.60	209.06

(a) The special and final dividend payable to holders of ADSs for the 2018 financial year will be announced on 11 April 2019 when the pounds sterling to US dollar currency conversion rate is determined.

**3.B Capitalisation and indebtedness**

Not applicable.

**3.C Reasons for the offer and use of proceeds**

Not applicable.



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### **3.D Risk factors**

#### **Risk management**

We are exposed to a variety of risks that can affect our business performance, reputation and licence to operate financially, operationally and in terms of compliance. Creating shareholder value is the reward for taking and accepting risk. Effective management of risk is therefore critical to whether we can achieve our strategic objectives.

#### **The risk landscape in 2018**

The geopolitical context remained unsettled during 2018, with rising trade tensions creating increased market volatility. We have, however, generally experienced a favourable market and pricing environment. While there have been inflationary cost pressures affecting the industry, we have focused on delivering continued operational efficiencies through our mine-to-market productivity programme to defend our margins. Our solid cash flows, underpinned by strong prices and cash from divestments, have further strengthened our balance sheet and decreased our liquidity risk. We have also maintained a strong discipline around capital allocation: returning cash to shareholders and investing in high-quality long-term greenfield and brownfield projects.

In 2018, we continued to enhance our controls for managing operational risks. In particular, we are strengthening how we manage the risks of major hazards through a Group-wide improvement programme, and are applying more rigorous cyber-security controls to deal with the evolving and growing threat of cyber attacks and security exposures.

Our trading and sales and marketing teams have continued to develop a more sophisticated market interface with the ongoing expansion of our Commercial division in Singapore. We are building a robust governance, risk and controls framework to support the Commercial team and to manage the strategic, financial and operational risks to which they are exposed.

We also continue to focus on managing risks relating to our relationships with governments, communities and key customers and suppliers. Our partner-to-operate strategy supports the creation and maintenance of mutually beneficial partnerships with key stakeholders, particularly host governments.

Our managed and non-managed joint ventures, particularly operations in places with higher sovereign risk, continue to need close monitoring and active management. Our non-managed joint-venture portfolio is now better aligned with our strategic priorities and appetite for risk, after the sale of our interest in the Grasberg mine in Indonesia. And we are continuing to refine our portfolio for a future carbon-constrained world, with the sale of our Australian coal assets.

You can see changes to our risk profile during 2018 on the following pages. For more detail on movements and the monitoring of these exposures, see pages 34-51 (Business reviews), 76-141 (the Directors' report) and the Notes to the financial statements on page 150 of the Annual report 2018.

#### **Emerging risks**

In the near term, we expect to face continued macroeconomic and geopolitical uncertainty. The global economic cycle is expected to weaken due to monetary policy normalisation, the fading impacts of the US stimulus and weakening demand in China. We see the most significant short-term risks to be the impact on market sentiment of continuing global trade tensions, the potential for a sharp and prolonged downward correction in global equities, and a worse-than-expected slowdown in the Chinese economy.

We are also mindful of the ongoing rise of populism in many of the markets in which we operate. This is likely to lead to increasing resource nationalism and pressure from governments, communities and customers for a greater share of the wealth that our business creates. Related to this, we also see a tightening of scrutiny around foreign investments.

In the medium term, we see both threats and opportunities in technological disruption from mining and processing automation to machine learning and artificial intelligence. We aim to use these technologies to improve productivity in increasingly sophisticated markets, while managing the social implications of automation in partnership with our host governments.

In the longer term, we predict increasing demand for sustainable working practices and a growing need to manage environmental and other risks to our licence to operate, such as land reform. Climate change represents perhaps the greatest long-term threat to our business, but also brings opportunities. We will need to show resilience to the risks it poses physical, regulatory and market. A low-carbon economy may lead to structural shifts such as a step-change in recycling, but it will also fuel higher demand for commodities like copper and raw materials for batteries.

Already, societal expectations around water and closure management are changing. We have considerably enhanced our framework for managing water risk, developing a comprehensive Water Risk Profile, Group-wide water metric and

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Group water target. We have also created a centrally coordinated closure strategy and a dedicated Closure team to provide strong lifecycle planning and to oversee our growing activities related to closing and repurposing our sites.

**Principal risks and uncertainties exposure at a glance 2018 trend**

	<b>External</b>	<b>Internal</b>	<b>Internal and external</b>
<b>Increasing risk or uncertainty</b>	<ul style="list-style-type: none"> <li>- Sovereign risk</li> <li>- China development pathway</li> <li>- Commodity prices</li> </ul>		<ul style="list-style-type: none"> <li>- Attracting and retaining talent</li> </ul>
<b>No change in risk or uncertainty</b>	<ul style="list-style-type: none"> <li>- Strategic partnership</li> </ul>	<ul style="list-style-type: none"> <li>- Execution of acquisitions and divestments</li> <li>- Capital project development</li> <li>- Health, safety, environment and communities</li> </ul>	<ul style="list-style-type: none"> <li>- Exploration and resources</li> <li>- Operational excellence</li> <li>- Regulation and regulatory intervention</li> </ul>
<b>Decreasing risk or uncertainty</b>			<ul style="list-style-type: none"> <li>- Liquidity</li> </ul>

**How we manage risk**

Underpinned by our risk policy and standards, our approach to risk management and internal control is aimed at embedding risk awareness in all decision-making, and a commitment to managing risk proactively and effectively. This includes:

- Identifying and evaluating threats and opportunities early.
- Managing and preventing threats before they materialise, and responding effectively if they do.
- Actively pursuing opportunities to capture value within agreed risk tolerances.

We make accountability for risk management very clear in our business – this is a key performance area for line managers.

Our Risk team supports the understanding and management of risk at all levels of the business. They provide a framework for managing and reporting material risks, escalating key issues to the Executive Committee and ultimately to the board, if appropriate. They also support the Risk Management Committee.

Our process for identifying, evaluating and managing material business risks is designed to manage rather than eliminate threats where appropriate, accepting a degree of risk to generate returns. Certain threats, such as natural disasters, cannot be managed using internal controls, and there is limited capacity in the international insurance markets to transfer such risks.

We have material investments in a number of jointly controlled entities. Where we do not have managerial control, we may be unable to ensure that management will comply with our policies and standards, but we use what influence we have.

### **Our risk management framework**

The responsibility for identifying, evaluating and managing risks lies with all our employees and business leaders. They operate within the Group-wide framework to manage risks within approved limits.

The framework also defines the oversight responsibilities of the board and the Executive Committee. Both are supported by our Risk Management Committee and central support functions, such as Risk and Group Internal Audit, to enable the effective identification, evaluation and management of risk across our business.

Our framework lays out a three lines of defence approach to managing risks and controls:

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**First line:** employees and business leaders own risks.

**Second line:** our central support functions and Risk Management Committee control our risk framework and internal control systems.

**Third line:** Group Internal Audit assures our internal control systems.

The key risk management responsibilities throughout the Group are outlined below.

**Our risk management framework**

<b>Oversight</b>	<b>Board</b>	<ul style="list-style-type: none"> <li>- Determines the nature and extent of acceptable risk as we pursue our strategic objectives.</li> <li>- Confirms that management’s risk limits reflect the level of risk the board is willing to accept to achieve our strategic objectives.</li> <li>- Oversees the risk management process.</li> </ul>
	<b>Board committees</b>	<ul style="list-style-type: none"> <li>- At least once a year, the Audit Committee monitors and reviews the maturity and effectiveness of our risk management and internal control systems.</li> <li>- The Audit and Sustainability Committees review regular reports from management on the strategies and controls applied to any material business risks identified within the Committees’ scope.</li> </ul>
<b>Third line</b>	<b>Group Internal Audit</b>	<ul style="list-style-type: none"> <li>- Provides independent and objective assurance that our risk management and internal control systems are adequate and effective.</li> </ul>
<b>Second line</b>	<b>Executive Committee</b>	<ul style="list-style-type: none"> <li>- Sets our risk strategy and assesses the risks inherent in key investments and in strategic, business or annual plans.</li> </ul>
	<b>Risk Management Committee</b>	<ul style="list-style-type: none"> <li>- Oversees our risk management framework to help identify significant risks to Group-level objectives and to make sure we have effective risk management processes.</li> </ul>
	<b>Risk function</b>	<ul style="list-style-type: none"> <li>- Coordinates and supports Group-level risk management activity and reporting.</li> </ul>

- Embeds risk management into core business processes, such as planning and capital allocation.
- Builds risk management capability and a risk-aware culture throughout the Group.

**Other central support functions and management committees** - Provide targeted expertise and support to risk, action and control owners.

- Develop and maintain specific controls, including policies, standards and procedures, to support the effective management of material Group-level risk within the agreed limits.

- Assure first line of defence compliance with controls.

**First line**

**Product groups and central functions, executive/audit forums**

- Monitor material risks and track activities to manage risk within their own business activities, escalating when appropriate.
- Consider risk and uncertainty in strategic and business planning and capital allocation proposals.

**Product groups and business units**

- Identify, assess and manage risks in operations, functions and projects.

**Risk Community of Practice**

- Supports alignment, consistency and continuous improvement of risk management.

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**Principal risks and uncertainties**

**The principal risks and uncertainties outlined in this section reflect the inherent risks that could materially affect Rio Tinto or its ability to meet its strategic objectives, either directly or by triggering a succession of events that in aggregate become material to the Group.**

Rio Tinto’s business units and functions assess the potential economic and non-economic consequences of their respective risks using the framework defined by the Group’s Risk standard. Once identified, each principal risk or uncertainty is reviewed and monitored by the relevant internal experts and by the Risk Management Committee and, as appropriate, by the relevant board committees and the board.

There may be additional risks unknown to Rio Tinto and other risks currently not believed to be material which could turn out to be material. A number of them, particularly those with longer-term potential impacts, are referred to in the sustainable development section on pages 52 to 63 of the Annual report 2018.

The principal risks and uncertainties should be considered in connection with any forward-looking statements in the Annual report 2018 and the cautionary statement on page 300 of the Annual report 2018.

**Market risks**

Rio Tinto operates in global markets and accepts the impact of exchange rate movements and market-driven prices for our commodities, seeking premiums where possible.

<b>Commodity prices: inherent risk and uncertainty</b>	<b>Threats</b>
<p>Commodity prices, driven by demand and supply for the Group’s products, vary outside of expectations over time.</p>	<p>Falling commodity prices, or adverse exchange rate movements, reduce cash flow, limiting profitability and shareholder returns. These may trigger impairments and/or impact rating agency metrics. Extended subdued prices may reflect a longer-term fall in demand for the Group’s products, and the reduced earnings and cash flow streams resulting from this may limit investment and/or growth opportunities.</p>
<p>Exchange rate variations and geopolitical issues may offset or exacerbate this risk.</p>	
<p>Anticipating and responding to market movements is inherently uncertain and outcomes may vary.</p>	<p>Failure to deliver planned returns from commercial insights would negatively impact cash flows for the Group.</p>

**China development pathway: inherent risk and uncertainty**

China's growth pathway could impact demand for the Group's products outside of expectations.

**Threats**

China is the largest market for our products, and Chinese demand is a strong driver, at times the dominant one, of the market price of the commodities we produce. An economic slowdown in China, and/or a material change in policy, could result in a slowdown in demand for our products and reduced earnings and cash flow for the Group.



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**Strategic risks**

Rio Tinto enforces disciplined capital allocation to the best returning opportunities (organic and inorganic growth projects) or returns to shareholders.

**Execution of acquisitions and divestments: inherent risk and uncertainty**

Rio Tinto's ability to secure planned value by successfully executing divestments and acquisitions may vary.

**Threats**

Divestment and acquisition activity incurs transaction costs that cannot be recouped, or may result in value destruction by realising less than fair value for divestments or paying more than fair value for acquisitions. This could result in unforeseen pressure on the Group's cash position or reduce the Group's ability to expand operations. The Group may also be liable for the past acts or omissions of assets it has acquired that were unforeseen or greater than anticipated at the time of acquisition. The Group may also face liabilities for divested entities if the buyer fails to honour commitments or the Group agrees to retain certain liabilities.

**Capital project development: inherent risk and uncertainty**

The Group's ability to deliver projects successfully may vary.

**Threats**

A delay or overrun in a project schedule could negatively impact the Group's profitability, cash flows, ability to repay project-specific indebtedness, asset carrying values, growth aspirations and relationships with key stakeholders.

**Strategic partnerships: inherent risk and uncertainty**

**Threats**

Strategic partnerships play a material role in delivering the Group's production, cash and market positioning, and these may not always develop as planned.

Joint-venture partners may hinder growth by not agreeing to support investment decisions. For non-managed operations, the decisions of the controlling partners may cause adverse impacts to the value of the Group's interest in the operation or to its reputation and may expose it to unexpected financial liability.

## Financial risk

Rio Tinto maintains a strong balance sheet and liquidity position to preserve financial flexibility through the cycle.

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