

Closure Standard

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Closure Standard

Scope

This standard is applicable to all Rio Tinto managed activities. Exploration projects, Order of Magnitude, Pre-feasibility, and Feasibility studies are required to adopt and comply with as many of the clauses in the Standard as are required to ensure withdrawal from a project or study in a manner that meets the intent of the Standard.

Intent: The intent of this standard is to ensure that Rio Tinto managed activities are left in a condition which minimises adverse impacts on the human and natural environment, and that a legacy remains which makes a positive contribution to sustainable development.

Rio Tinto's assessment of performance in terms of closure and post closure planning and implementation is defined within the context of the Group sustainable development policy. Accordingly, this standard seeks to influence the design, development, operation and closure of all Rio Tinto managed operations so as to ensure the optimisation of post closure outcomes in terms of social, environmental and economic development needs and expectations.

Specifically it is intended that this Standard will result in improved closure and post closure planning and implementation as indicated by:

- Improved scoping of closure in order to improve accuracy of Group closure cost estimates;
- Minimum costs of closure compatible with the objective of responsible social and environmental closure;
- Integration of closure planning into business plans resulting in reduced actual costs of closure over the long-term;
- Recognition and realization of positive legacies for local communities and lower exposure to future potential negative legacies;
- Increased host community ownership for post operational outcomes; and
- Enhanced reputation.

This will be accomplished through:

- Planning from project inception to ensure that closure is incorporated into project design;
- Commencement of provision for closure at project onset, followed by regular review and updating of the provision;
- Regularly reviewing and updating the scopes of closure strategy and plans;
- Ongoing implementation and stronger linkages between the outcomes of closure planning and core business plans, including mine plans and all other relevant planning documents;
- Integrated and accurate scoping of all aspects of the work required; and
- Development of strong and credible relationships with all stakeholders by consulting fully both internally and externally to increase levels of input and ownership.

Programme Design

1. Planning

Develop, maintain and manage a process for eventual closure, which addresses all relevant aspects and impacts of closure in an integrated and multi-disciplinary way, and provides a fully scoped and accurate cost of closure to the company that is documented and auditable.

Thorough and comprehensive definition of the scope of measures to be undertaken at closure is necessary in order to reach a realistic estimation of the costs, and to provide assurance to the directors and shareholders that adequate financial provision for closure has been made. This will be accomplished by:

1.1 Knowledge Base

Develop and maintain a Knowledge Base of the environment in which the operation is being developed and/or operates. The Knowledge Base must include:

- Characterisation of the socio-economic, cultural, biotic and abiotic environments;
- National, regional and local legal and regulatory requirements for closure; and
- All agreements made with stakeholders.

In the case of Exploration projects, Order of Magnitude, Pre-feasibility, and Feasibility studies, the level of detail of the Knowledge Base is defined by a number of factors including:

- The stage of the project or study;
- The complexity of the environment (human and natural);
- Potential threats and opportunities to the project; and
- The time required to collect data.

1.2 Closure Strategy

Develop and maintain a Closure Strategy that promotes a consolidated multi-disciplinary approach to closure and post closure. The development of the strategy itself is a process whereby desired closure and post closure options are evaluated and documented, and a preferred option chosen.

The Closure Strategy process must be documented and cover at a minimum the following:

- a. Outcome of the closure and post closure aspects and impacts assessment;
- b. Descriptions and evaluations of alternative closure and post closure options;
- c. Selection criteria for closure and post closure options;
- d. Description of the preferred closure and post closure option; and
- e. Details associated with any on going research on closure options.

Development projects are required to submit the complete and comprehensive Closure Strategy (and associated Closure Management Plan) as part of the final investment approvals process.

- 1.2.1 The Closure Strategy must be developed and implemented by a multi-disciplinary team. The team members must have appropriate seniority skill levels and experience. Where appropriate, the requisite skills and experience or legal advice may be resourced through external consultants.

There must be clear allocation of responsibility for the ongoing management of the Closure Strategy.

- 1.2.2 A comprehensive consultation process must be developed, maintained and documented as part of the Closure Strategy development and implementation. The process will apply to both internal (employees) and relevant external stakeholders and must include sufficient provision for accurate stakeholder identification.

A communication programme must support the consultation process to ensure the Closure Strategy's aims, methods and results reach all stakeholder groups.

- 1.2.3 As part of the Closure Strategy framework, an understanding of all aspects and implications of closure and post closure must be developed and maintained. The closure aspects and impacts assessment must integrate the full range of social, environmental and economic implications. Existing operations must carry out this process as a dedicated closure aspects and impacts assessment. Development projects must include closure and post closure aspects and impacts in the Social and Environmental Impact Assessment (SEIA).

1.3 Closure Management Plan

Develop, document and maintain a Closure Management Plan based on the current preferred option for closure as determined through the Closure Strategy process. The Closure Management Plan must describe the operation's 'vision' for closure and associated preferred closure option, and must as a minimum:

- 1.3.1 Develop and document a set of objectives and performance targets developed by each operation. These objectives and targets must be responsive to the local environment and reflect regulatory and corporate requirements and stakeholder expectations. At a minimum performance targets must cover:
- a. Rehabilitation
 - b. Biodiversity
 - c. Socio-economics
 - d. Communications
 - e. Employee Relations

The objectives and targets must link into the operation's existing core-planning process and form the basis of an operation schedule for closure. The schedule will serve as a tracking document to monitor performance of closure and post closure.

- 1.3.2 Maintain and document the ongoing consultation process related to the chosen closure option. This must include agreements about the varied roles and responsibilities for the operation, the community and various levels of government in terms of the eventual transition to closure.
- 1.3.3 Develop and document a detailed description of closure and post closure mitigation programmes. The programmes must address at a minimum the following:
- a. The planning and actions required to enact a progressive rehabilitation programme. The programme must be progressive and integrated into the short and long-term mine plan and be compatible with all relevant local and regional land management plans;
 - b. On-site and off-site biodiversity conservation programmes and initiatives, including details on partnership programmes;
 - c. Linkages with other Rio Tinto standards;
 - d. Commercial and customer related issues and obligations; and
 - e. 'Environmental mitigation'.
- 1.3.4 Develop and document a description of specific technical solutions related to infrastructure and facilities for the preferred closure option. These must include but are not restricted to:
- a. Pit lakes and groundwater rebound;
 - b. Low-grade stockpiles;
 - c. Engineered tailings and other waste deposit covers.
- 1.3.5 Develop and document a comprehensive employee information, communication and consultation framework. This framework will be established at an early stage in the life of the operation
- 1.3.6 Develop and maintain a list and assessment of threats and opportunities and any uncertainties associated with the preferred closure option. This list will be used to identify and define any additional work that is needed to reduce the level of uncertainty.
- 1.3.7 Develop and maintain full auditable details of closure cost. The amount recognised for closure will be determined by using the best and most recent estimate of the expected cost. Cost estimates for operations that are more than 40 years from closure will be prepared as "conceptual" estimates, and no accuracy range will be assigned to those estimates. Cost estimates will have an accuracy of ± 30 per cent for operations 40 or less years (but more than ten years) from closure and ± 20 per cent for operations ten or less years (but more than five years) from closure.

Cost estimates are not required for operations that are considered to have an indefinite life. Application must be made to the Closure Steering Committee for indefinite life classification and these operations would need to develop a risk assessment of unplanned closure and a high level closure contingency plan that are reviewed and updated every five years. Provisions may still be required for Asset Retirement Obligations relating to individual assets that have to be replaced periodically to ensure that the operations are able to continue indefinitely.

Closure cost estimation methodologies must be based on those outlined in the Rio Tinto Technical evaluation guidelines (TEG).

The closure cost estimate, as reported in the financial statements, must be updated annually during the operation's life to reflect known developments, including scope changes, the effect of a further year's inflation, exchange rate differentials and new regulatory requirements.

Closure cost estimation procedure must ensure that identified post closure costs, whether ongoing or one-off, are realistically estimated and incorporated into the estimate.

- 1.3.8 Undertake a formal risk assessment to ensure that the scope of work on which the cost estimate is based is comprehensive. Financial contingency must be provided by the estimator and must reflect the amount of work that remains to be done to firm up the plan.
- 1.3.9 Develop a detailed communication plan that is executed in a timely, consistent and transparent manner. This must target all internal and external stakeholders
- 1.3.10 Include an agreed process and time scale for post closure management and monitoring. This must include all aspects of the closure process and must be negotiated with the relevant stakeholders
- 1.3.11 Develop and maintain a socio-economic mitigation programme which addresses as a minimum the following:
 - a. Socio-economic impacts, land owner considerations and community dependencies throughout the life of the operation.
 - b. Details of the transitional arrangements for company towns initiated by the operation, which must be put in place before closure. This must include the development of a social plan, municipal and financial management plan and, as appropriate, a hand over strategy.
 - c. Details of a hand over plan for all infrastructure projects and social services developed by the company. This must include putting in place management and operational systems, ensuring there are adequate resources for the projects to continue delivering, and establishing sufficient lead-time for phase out.
 - d. All post closure institutional arrangements that clearly outline the governance, financing, staffing and monitoring of these institutions.
 - e. The development of programmes to manage the issues associated with artisanal miners or other community activities, which have potential to adversely impact mine closure solutions.

1.4 **Decommissioning Plan**

A full decommissioning plan must be prepared five years prior to the estimated date of ceasing production. The decommissioning plan will contain specific details of how closure will be achieved and will be linked to the Closure Management Plan. Decommissioning cost estimation methodologies must be inline with the Rio Tinto Technical evaluation guidelines, and provide estimates with accuracy of ± 15 per cent.

2. Implementation and Operation

- 2.1 Ensure that the content of the Knowledge Base is periodically reviewed and updated.
- 2.2 Ensure that the Closure Strategy and associated Closure Management Plan and Decommissioning Plan are fully integrated into the operational management systems and decision-making processes
- 2.3 Ensure there is clear line accountability for the implementation of the Closure Management Plan. This will include the authority, resources, training and competence required for achieving the specified closure objectives and targets.
- 2.4 Ensure that the Closure Strategy, Closure Management Plan, Decommissioning Plan, objectives and targets, and their results are communicated to all personnel and externally communicated to key stakeholders.
- 2.5 Ensure that all closure documentation and data records are stored and maintained in such a way that they are readily retrievable and protected against damage, deterioration or loss. Their retention times must be established, recorded and justified.
- 2.6 Ensure that procedures are in place to cover all aspects of closure. In addition staff involved in closure must be trained to perform activities specific to the closure process.
- 2.7 Ensure that in the case of divestment, there is a formal agreement between the company and the purchaser and where relevant the government, that the purchaser agrees to fulfil a minimum set of closure requirements and will close the site to an agreed set of closure standards.
- 2.8 Ensure that agreements regarding closure are made with the relevant government agencies and other stakeholders and include agreement on:
 - a. Concepts for closure;
 - b. Closure requirements (environmental and social);
 - c. Timeframe for the approval of the preferred closure option; and
 - d. Clear definition of release criteria.

3. Performance Measurement

3.1 Closure Cost Reporting

Business units must develop and maintain full auditable details of estimated closure costs. The amount recognised in the financial statements for closure will be determined by using the best and most recent estimate of the expected costs. The closure cost estimate is developed by management, based on experience of similar transactions and advice provided by independent experts. Cost estimates for operations that are more than 40 years from closure will be prepared as “conceptual” estimates, and no accuracy range will be assigned to those estimates. Cost estimates will have an accuracy of ± 30 per cent for operations 40 or less years (but more than ten years) from closure and ± 20 per cent for operations ten or less years (but more than five years) from closure.

Closure cost estimation methodologies should be consistent with the Rio Tinto Technical Evaluation Guidelines. However, a lower discount rate is used for accounting purposes as defined in the controller's manual.

- 3.1.1 The closure cost estimate, as reported in the financial statements, must be updated annually during the operation's life to reflect known developments, including changes from the review of the closure strategy assumptions and inputs, scope changes, the effect of a further year's inflation, exchange rate differentials, new regulatory requirements and any other material developments.
- 3.1.2 As part of closure cost performance measurement, operations are required to complete the 'Closure Plan Summary Financial Data' form detailed in the Closure Guidance Note. The 'Closure Plan Summary Financial Data' form should be completed as part of the annual reviews, and where there has been significant planned or unplanned change to the operation, refer to clauses 3.1.1 and 3.2. The 'Closure Plan Summary Financial Data' must be submitted with the closure plan document and to Controllers.
- 3.1.3 The business unit finance function must receive the 'Closure Plan Summary Financial Data' form and maintain a link between the form and accounting submissions, taking into account the annual updates to the closure cost estimate.
- 3.1.4 The closure cost estimation procedure must ensure that identified post closure costs, whether ongoing or one-off, are realistically estimated and incorporated into the estimate.
- 3.1.5 The accounting policies as detailed in the Controllers Manual must be followed when reporting closure costs and continuous rehabilitation.
- 3.2 The closure strategy, its assumptions and inputs must be regularly reviewed to assess whether there has been a significant planned or unplanned change to the operation; at a minimum it must be assessed annually. Significant changes in the closure strategy must be reflected in the site's Closure Management Plan and closure cost estimate.
- 3.3 The Closure Management Plan must be fully updated at least every five years. The systematic update must identify the adequacy, performance and areas of threats and opportunities of the Closure Management Plan. The update process must:
 - a. Be conducted by a multidisciplinary team with appropriate skills, impartiality and experience levels;
 - b. Involve input from key stakeholders;
 - c. Consider future trends and possible changes in standards or expectations;
 - d. Comprehensively re-estimate closure costs; and
 - e. The updated plan must be submitted to Rio Tinto HSE for review.
- 3.4 Ensure that closure-monitoring systems extend beyond the decommissioning period, as agreed with regulators, community and land owners. The monitoring system must be capable of demonstrating the success of closure measures to allow relinquishment.

4. Relevant documents

- a. Rio Tinto B11 – HIV/AIDS standard;
- b. Rio Tinto Baseline communities assessment guidance;
- c. Rio Tinto biodiversity strategy and accompanying notes for implementation;
- d. Rio Tinto Closure cost estimating guidelines;
- e. Rio Tinto Communities standard;
- f. Rio Tinto Consultation guidance;
- g. Rio Tinto Controllers manual;
- h. Rio Tinto Cultural heritage management guidance;
- i. Rio Tinto Cultural heritage management standard for Australian businesses and Cultural heritage management system guidance;
- j. Rio Tinto Environment standards;
- k. Rio Tinto Environment standards guidance notes;
- l. Rio Tinto Guidance for the establishment and management of trusts, funds and foundations;
- m. Rio Tinto Internal Control Questionnaire (ICQ);
- n. Rio Tinto Multi year communities plan guidance;
- o. Rio Tinto Occupational health standards;
- p. Rio Tinto Project Development and Evaluation guidelines (PD&E);
- q. Rio Tinto Risk policy and standard;
- r. Rio Tinto Safety standards;
- s. Rio Tinto Site managed assessment guidance;
- t. Rio Tinto Social impact assessment guidance;
- u. Rio Tinto Social risk analysis guidance;
- v. Rio Tinto Stakeholder engagement and partnership guidance;
- w. Rio Tinto Technical evaluation guidelines (TEG);
- x. Rio Tinto The way we work;
- y. Supplementary guidance note to the Rio Tinto Closure Standard: Consultation and communication;
- z. Supplementary guidance note to the Rio Tinto Closure Standard: Cultural heritage management;
- aa. Supplementary guidance note to the Rio Tinto Closure Standard: Social and communities knowledge base; and
- bb. Supplementary guidance note to the Rio Tinto Closure Standard: Sustainable social legacy planning.

5. Revision History

Version no.	Effective date	Prepared by	Authorised by	
1	Draft for review	Closure Steering Committee		
2	Released June 2004	Closure Steering Committee	RTHQ	
Version no.	Revision date	Revised by	Authorised by	Reason for change
3	May 2009	Closure Working Group	Dan Larsen on behalf of Closure Steering Committee following notification of ExCo	Incorporation of suggested changes from businesses and synergies for Rio Tinto Alcan integration.