

# RioTinto

## **Everyday Respect Progress Review conference call**

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## Overview

Kellie Parker

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### Introduction

Hello, everyone. Thank you for joining us. My name is Kellie Parker. I am the Chief Executive for Australia at Rio Tinto. I am also one of the sponsors of the workstreams to implement the recommendations of the Everyday Respect Report.

But before we start, I would like to acknowledge and pay my respects to all traditional owners and First Nations people that host our operations around the world.

I will take your questions, but first, I wanted to give you a bit of an overview of the findings of the Everyday Respect Progress report and the next steps that we want to take in our Cultural Change programme.

So we commissioned the initial Everyday Respect Report in 2021, and we published the full findings in February 2022. So that was clearly demonstrated in that report that we had a workplace culture of bullying, sexual harassment and racism, and that was being experienced across the globe.

The report was deeply disturbing and shocking, and it reaffirmed our conviction that we needed to drive a sustained cultural change in Rio Tinto.

As one of the planned recommendations of the initial report, we invited back Elizabeth Broderick to conduct a progress review to help us understand what actions are working so far and where do we need to double down on our efforts.

More than 10,000 individuals responded to the survey. 340 provided written submissions, and more than 1,300 took part in virtual and in-person listening sessions to inform the progress review.

We recognise the bravery of people across our business who chose to speak up. Their honesty is invaluable in guiding our ongoing improvement. So, two years into a long term cultural change program, the review has found that there is progress. There are promising signs, there are green shoots. We have largely implemented the 26 recommendations, which kick starts us into a solid foundation of cultural change across behavioural systems and processes.

Around half of the survey respondents reported a perceived improvement in relation to bullying, sexual harassment and racism, and they expressed a confidence that we are going to make meaningful difference.

However, whilst recognising this progress, the study certainly identified areas that we need to do way more. It showed that people are continuing to experience harmful behaviours in the workplace in particularly in the last year.

I think I speak on behalf of ExCo when I say that I am seriously troubled by the fact that people are still experiencing behaviours and attitudes in our company that are unacceptable and harmful. And we sincerely apologise for this.

It is clear we are not where we want to be. This review shows that achieving the sustained change we want to see in our culture will require ongoing focus and effort from everyone, including the leadership team.

However, it is important to note that the survey data in the progress review is a lagging indicator, suggesting that people are yet to experience the full benefit of the changes we have already made. We are encouraged by the fact that Everyday Respect is now widely considered a normal conversation within our company, which, as the review states, is a critical step for cultural change. This is what I am seeing and hearing when I spend time with people on site and across our business.

It is a felt experience to see differences in the facilities where we sleep, where we eat, and the conversations that we have in the crib room. But there is still much more to be done.

So guided by the insights from the progress review, we have shaped the next stage of our plan to embed the interventions. So, the work that we will do is to equip the frontline leaders to drive change. We will build buy-in into the why. Why do we need to change across our workforce. And we will continue to secure and retain the diversity talent.

Among the key actions we will take to really drive this is that we are going to continue to embed our new performance management process, which not only assesses what you have achieved, but how you do that. And this is really our Values in Action framework.

We will continue to deepen people's leadership capability, particularly around values, mindsets and behaviours, which will be embedded as part of our safe production system rollout in 2025 and 2026. We will drive sustainable improvements in our diversity year-on-year. And we have just finished all of our global calls with our employees around what we are going to do with ensuring that we are listening and meeting people where they are at, to ensure that people that do come from diverse backgrounds and minority groups are included.

We are going to continue to further embed the reporting and resolution process so that we continue to learn from those that have the courage to report.

And, of course, we will continue to build on the investment to improve our facilities, which is now an ongoing investment programme across the globe.

So before we take your questions, I just want to reiterate that this is a long term program of cultural change. It is building safe, respectful, inclusive and diverse workplaces because that is fundamental to our success.

When people feel respected and empowered, they feel open to share their ideas and improve the way we work. As we seek to accelerate our progress towards our objective of becoming best operator, culture is a key enabler. Having capable and engaged teams is one of the core principles behind our safe production system, which is enabling us to build safer, stronger and more sustainable assets.

We have seen the benefits of the safe production system where it is most embedded, such as improvements in the Pilbara iron ore business or the bauxite production at Weipa. It is an example of why sustained cultural change is not only the right thing to do morally, but the right thing for our business.

Cultural change on this scale is complex and takes time, but we are absolutely committed to the journey, and the key message for you is that we are going to stay the course. So now I will hand over to the operator to take your questions.

## Q&A

**Piotr Kwiatkowski (Royal London Asset Management):** I just have a quick question whether there are any plans to do another progress report in a few years' time? Because I think from our perspective, this is something that we would like to see regarding, like you mentioned in the report, no change in one area and decline in another when it comes to the absolute numbers of bullying and people still experiencing sexual harassment.

And the second question that I had would be, what would you say that you will be doing differently over the next few years regarding these two areas that you have done in the past, since the last time the report was published to address no change in that area and the decline in other?

**Kellie Parker:** Yes. Thanks for your two questions. So I might address the second question first. It is a long report. It is 76 pages. There is a lot of data in it. But one of the data points is that we are seeing an increase in bullying at our sites, and we are actually seeing more women being bullied at the front line. We are seeing a reduction in people feeling they are being bullied by their direct leader. So the bullying that is increasing is coming from peers and senior people outside your direct line.

As Liz [Broderick] has talked about, a number of times to us is that there is a significant resistance in our business or backlash. And the amount of backlash that we have got is a sign that we are pushing on a significant change. If there was not backlash, people would not feel threatened by the change or know that there was a change happening.

But we have people in our business that do not like what is happening, are not sure how it is impacting them, or feel fearful about the change. So we are seeing an increase in backlash, which means part of our actions that we need to take is not only upskilling supervisors and superintendents to know how to have conversations, but also having conversations with people, meeting them where they are at, which is what we are talking about is sustaining the course here to really understand why they have a backlash. What is the fear to ensure that we want respectful, safe and inclusive workplaces where everyone can thrive?

So some of the things that we are hearing already is being overlooked for a promotion. My sons cannot get apprenticeships because women are being prioritised. I am being overlooked as a white man. My views as a white man are not being as heard as some of the diversity groups.

So I think we have to meet people where they are at, understand what we need to do, listen to men in a different way so that not only can we continue to bring more diversity into our business, but they also feel included because the workplace is accepting.

Because that is the work that we have got to do, how we actually measure that across the globe is different. So in different places, different cultures, different geographies have different outcomes. And what work we are going to do will look a little bit different.

But what you should see is a measurement through our safe production system and best operator, because the work here will be that is embedded in our values, mindsets and behaviours. And that will be embedded in how we roll out safe production system and then the outcomes that we see in production, which you can see now quite clearly in Weipa and in some parts of the Pilbara. Thanks for the question.

**Ros McKay (Cbus Super Fund):** My question was actually the one that you have just answered. But just building on that further, I guess, how genuine do you think the feedback you are receiving about the diversity point is? And in terms of the author of the report, what sort of guidance have you received or could you receive to unpick that a bit further?

**Kellie Parker:** So Liz certainly has spent some time with ExCo and the Board. And she has met with the Board prior to the release of the report. There is quite a bit of discussion around the backlash that we are seeing in the business, why that is happening. And we do see it in our people engagement survey that we run twice a year, that people are making comments about the cultural change that we are making in the focus on minority groups and women.

So we certainly know that it is there. What I could not say right now is have we got to the root causes of why people are resisting? At the moment, it is certainly a comment that is coming out why do we have to have diversity or why do we need to change? But we certainly do not really understand why people are saying that.

So we have got some work to do. Quite a bit of work to do around our mindsets and behaviours and having conversations with people around why do they feel that way and how do we actually change? So certainly lots of conversations with Liz. She sees this in other organisations. She certainly acknowledges that our organisation is on a huge cultural change across many different countries and languages and that will take time. But backlash is normal.

**Ed John (Australian Council of Superannuation Investors):** Thanks to Kellie and the Rio team for the work around this report. I would just be interested. You mentioned the fact that what is captured is largely lagging indicators. I guess my first question would be from the leading indicators or where you are investing the time, which are the areas you expect to see shift first in this process? Or are there particular metrics or areas you think we will see a significant shift over the next two or three years?

My second question, I know there is a lot of focus on the pushback or people potentially not engaging with the programme. But I guess on the flip side, any anecdotal or broader feedback on people have actually had a positive experience with the shift and really bought in? So any information you could share on that, that would be fantastic.

**Kellie Parker:** Yes, absolutely. So the metrics that we see will start to shift is initially in our people engagement scores and we have just had our most recent people engagement score, and it was an uplift positively of the number of people that are engaged, but also the number of comments that we have got and the number of constructive comments was quite significant.

So we know that people are seeing and engaging with how our business is improving and then how we actually then get work done, and stay productively safe.

We are also seeing metrics. So the measuring metrics that we have levelled down, we also look at the number of people, reports that go into the business conduct office and how quickly they are resolved, and what are the actions that come out of that, and are there any themes.

And then the other metric that we look at is our ongoing facilities upgrades and continuing to see that, because how we prioritise facility upgrades and changes is driven by usually an inclusion and diversity group or a village council, which was part of the recommendations previously to set up. So people that are using the facilities are prioritising what we should be fixing and how do we make them more inclusive.

And then the third metric we look at is leadership behaviour and how much leadership training we have done and the impacts that it is having. So we are certainly seeing some of those leading indicators move. But the felt experience is still rolling through with Liz's work around the listening tours.

People that have bought into this change. We have got enormous amount of people that have talked about coming to work for Rio Tinto because of releasing the first report. So we were worried initially when we released the first report whether people, particularly of diversity groups, would want to come and work for us. And we have a program called Transitions Pathway, which is specifically for women in other industries to come and work for us, and we will teach them how to be leaders in our business. So it is particularly targeted at supervisor level and planner and scheduler level in our business, and we get thousands of applicants.

For 30 jobs, we will have 3,000 applicants. And people have many stories about they came to work for us because of the leadership displayed as being as transparent as we are around Everyday Respect.

But we are also starting to hear really different stories around how people have learnt. So one of the things that we do when there has been disrespectful behaviour with the person that has been impacted, if they give their permission, we will release a banner just like a safety banner. It is called a purple banner. And purple banners are starting to take hold in our business around how do people learn. Because we all grow up under a certain value set and social norms. And not all of those are respectful, but if people do not know, and do not get the opportunity to learn, they do not change.

And we are absolutely seeing many examples of that where the kind of low-level sexism and racism is being called out in different ways and people were learning what is the respectful, inclusive behaviour we want at work.

**Nathan Gray (LGIM):** My question was more around, you said there was work to do. You mentioned different changes in processes and recruitment. Mine was mainly, is this just within Australia or will this go across all your global operations? And how have the changes outside of Australia been implemented?

**Kellie Parker:** Yes, it is certainly across our globe. And there are lots of sharing and learning across the globe. Particularly when we first released the report, the biggest uptake that changed we saw was actually in South Africa. So the South African women in mining congratulated us, and they particularly learnt from us around how do you improve facilities, particularly underground in South Africa.

So certainly, the first report mobilised the industry to talk about these things in a different way and across the globe.

The things that we talked about with recruitment, there are structural barriers in recruitment, that are not necessarily seen when you want a standard process across the globe. So we have

done a lot of work around what are the structural barriers for recruitment but also for retention with minority groups, and how different minority groups where we work and live need to be engaged.

And that work is absolutely ongoing. We have learnt a lot about what we need to do in different parts of the globe of how we recruit to ensure that we capture the community that is around us. And how we systematise that. We have said that that action is not finished yet because we need to program it into our new system that we have rolled out called Workday in HR.

So whilst we have learnt a lot and we are changing the way we are doing things around the globe, it is not yet systematised until we fully roll out workday.

**Ros McKay:** So I completely understand the need for, I guess, shifts and evolution in terms of the education piece. But I wondered whether you could talk to consequence management first in terms of over the last two years, consequences in response to poor behaviour where it has not been able to be resolved or applied, and whether there will be changes going forward? Because just intuitively, is there a risk perhaps because of the education piece and the necessary education piece that there is too much tolerance? Sorry I am not being very articulate, but there is a risk with that as well. So I would be interested in hearing a bit more about consequence management.

**Kellie Parker:** Yes. Really good question. So what we were actually seeing. So we are really pleased that people are trusting our reporting mechanisms. So prior to the first report, we were not getting very many reports about disrespectful behaviour. We now have significant reports that are coming through into our business conduct office. And we have set up the care hub, which people can access. So they do not have to make a formal complaint, but they can access and get support to help them make the next decisions or get information to support them in the workplace.

So from the reports that are coming through in the business conduct office, absolutely, if someone has breached our code of conduct, it is unacceptable behaviours. They are terminated. They are let go out from the business. And that has happened. Up to very senior levels in our business, we have let people go for significant breaches.

But what we are seeing is more low-level racism, low-level sexism and some forms of bullying is that people are doing that because they have adapted to the culture of the workplace that they are in. And when they get investigated, there is remorse, there is a learning and a change.

When we see that there is not actually remorse and learning, even if it is considered a low level in the severity of the actions, we still, potentially, in some cases, will recommend a termination because we do not think the person will actually fit into our culture.

So we are starting to change our consequence management, not just on severity of the behaviour, but also how much you are willing to change in that. So definitely starting to see a difference. And we do not tolerate unacceptable behaviour. And if you continue to learn, then that is quite different on the low-level impacts versus the really significant disrespectful behaviour and harmful behaviour. I hope I have answered the question for you.

**Myles Allsop (UBS):** Just a couple of quick questions. First of all, it does seem like this is an industry issue, not a Rio Tinto issue specifically. But what I do not get is why are you the only

company which is actually calling this out and reporting it in a transparent way? Do you have a sense why we are not seeing more transparency from other major miners?

And then secondly, I just want to get a sense as to what the plan is going forward for yourselves? Is this going to be a regular report every two years where we will get further updates in terms of how the culture is improving?

**Kellie Parker:** Thanks for the questions. On the first question, we can only talk to our data. We collect our data. Of course others make inference that this is an industry issue or a society issue or a reflection of society. But 56,000 people that work for us. So the data that we collected is statistically significant for us so we can talk to it.

But as an executive committee member and working with our CEO, we fundamentally believe that transparency builds trust, one, and also transparency, when we call out these behaviours, it is really important that that is part of the change.

So one of the things that we learnt, the first time Liz did this work with us is that, we asked why. We were not getting reports. Now this was horrendous behaviour going on and why was not it being reported to us? Why could not people feel confident in our reporting system?

And a lot of it was because of how much this bad behaviour was hidden in hierarchies, and cascading information. So being transparent and acknowledging what happens at the front line from the CEO is part of the change.

So whilst we did it once, we said we would absolutely do it again with our progress report. And it is part of how we are building more transparency in many of our disclosures, because we do feel that it builds trust and credibility of saying this is where we are at and this is what we are working on.

And then ongoing reporting and disclosures about how we are going is very much going to be linked to how we are rolling out the safe production system, which has got values, mindsets and behaviours embedded in how we are going to deliver our production. Because if we have got a safe, inclusive workforce that is respectful, we know that we see quite a difference in our production, which is really a point to Weipa and the change that has happened in our bauxite production as they implemented that program.

We will also then look at other different metrics of how we disclose the changes that we are seeing and the leading indicators. But we do know from now is that we will see differences in different countries, because as we meet people where they are at and have these conversations, we will see different programmes developing and growing.

So certainly we are committed to the course and we are committed to reporting this out. But how that looks, we are still in development.

First of all, I just wanted to say thanks very much for joining. I appreciate the questions. And more than happy to work with our Investor Relations team if there are questions, as you get off the call and think I wish I could have answered that. But want to leave with you is that we are absolutely an ExCo committed to staying the course. We are committed to seeing a change. And we know when we can get this right, we will have a much more safe, inclusive workplace and it will be more productive. So we are super committed to what we are doing.

Thanks very much for joining.

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