

## RIO TINTO

## RIO TINTO SAVES OVER \$200,000 IN PRINT AND POSTAGE COSTS IN INNOVATIVE OFF-MARKET BUYBACK PROCESS

“Combining Computershare’s electronic distribution of our buy-back booklet with Reach’s online acceptance facility not only delivered significant print and postage savings, but provided a seamless online transaction opportunity for a significant number of our shareholders.”

Tim Paine - Joint Company Secretary, Rio Tinto

**BACKGROUND**

A world-leading metals and mining corporation, Rio Tinto (ASX:RIO) has been in business for over 140 years and currently employs more than 60,000 people globally. Rio Tinto has a significant international presence, operating in six continents with head offices in Melbourne and London. Rio Tinto is also one of the largest companies on global stock exchanges and is listed in multiple regions - Australian Securities Exchange (Rio Tinto Limited), London Stock Exchange (Rio Tinto plc) and New York Stock Exchange (Rio Tinto plc).

**SITUATION**

In December 2014, Rio Tinto initiated an off-market buyback for AUD 500 million worth of its ASX-listed shares, as part of a wider capital management program that also included an on-market buyback of USD 1.6 billion of its London-listed plc shares. The company planned to invite shareholders to sell their shares back to the company, determining the share price by the buyback response. With multiple elements affecting the individual value of a share (such as price calculations, discount points, minimum residual parcel clawbacks and scalebacks) off-market buybacks are one of the more complex transactions a registry can conduct. To successfully execute the buyback, Rio Tinto needed an experienced provider that also had the global reach to support their UK-based employee share plans. As Rio Tinto’s current registry and employee share plans service provider, Computershare was best placed to deliver. Their scale, knowledge of the shareholder base and experience managing similar corporate events meant that Rio Tinto could minimise

their cost while delivering a superior experience to their ordinary shareholders and eligible employee share plan participants.

**SOLUTION**

To reduce postage and printing costs, Rio Tinto planned to take advantage of their shareholders’ current e-communications elections during the offer. With 80,000 shareholder email addresses on file, there was the potential to generate print and post savings in excess of AUD 200,000 by minimising the number of hard copy offers sent out.

Rio Tinto was able to leverage Computershare’s engagement in the Australian Securities and Investment Commission (ASIC) update to Regulatory Guide 107, and propose a solution that incorporated e-communications into the new ruling allowing offers and acceptances of securities to be made electronically. This was approved by ASIC after a thorough examination and testing of the process.



## Case Study

### RIO TINTO



Rio Tinto saved  
more than  
**AUD 200,000**



Almost **5,000** new email addresses were provided by shareholders for their future Rio Tinto communications



Rio Tinto worked with Computershare and their joint venture partner Reach, a leading digital development agency, to build an offer site that enabled shareholders to complete the buyback transaction online. Shareholders with e-communication preferences accessed the site via an email from Rio Tinto, and received email confirmations once they had successfully completed their transaction. Shareholders who received a hard copy communication had the option to complete their transaction online as well as register their preference for all future correspondence to be sent via e-communications.

#### **BENEFITS**

The transaction process ran smoothly, contributing to the overall success of Rio Tinto's off-market buyback. More than 25% of all applications were received through the transactional site, reducing the amount of rejected transactions and producing clean and robust data that increased the efficiency of the process and mitigated risk for Rio Tinto.

The shareholder experience was enhanced, as those who had previously chosen to receive other Rio Tinto correspondence electronically received the buy-back information through their preferred channel.

Through reduced print and postage volumes, Rio Tinto saved more than AUD 200,000.

In addition, almost 5,000 new email addresses were provided by shareholders for their future Rio Tinto communications, improving the ongoing shareholder experience and generating long term cost savings for Rio Tinto of over \$350,000 per annum.

Leveraging the experience and expertise of its trusted partner Computershare, Rio Tinto was able to execute a successful off-market buyback using an innovative digital solution that reduced costs and enhanced the shareholder experience while maintaining compliance with industry regulations.

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