Notice to company pursuant to ss 249N & P of the Corporations Act 2001 (CA)

I/we ....
[name of 'shareholder']

of ....
[address]

..
.

identified by the Holder Identification Number (HIN) or Shareholder Reference Number (SRN) .... [HIN or SRN]

in respect of any holding of the shareholder's Rio Tinto Limited ('RIO' or 'the company') ordinary fully paid shares;

hereby give notice (in accord with sections 249N & P of the CA) to the company of: the following resolutions (1: Amendment to the Constitution, 2: Transition Planning Disclosure) the shareholder proposes to move at a general meeting of the company; and request (in accordance with section 249P) that the company give to all members each of the Supporting Statements following the resolutions.

SIGNED

....	....
(Signature of individual Shareholder† /company director)	(Signature of second shareholder in a joint holding/for a company second director or company secretary)

† Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

Resolution 1 – Amendment to the Constitution

To amend the constitution to insert beneath Clause 57 'Annual general meetings' the following new sub-clause: "The company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However such a resolution must relate to a material risk as identified by the company and cannot either advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company."

(Note that an accompanying ordinary resolution seeking transition planning disclosure should also be included on Rio Tinto Limited's Notice of 2019 Annual General Meeting. Shareholders who vote by proxy should be able to lodge a vote on both resolutions.)

Supporting Statement 1

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian cousins in this respect.

A board of Directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In rare situations the appropriate course of action for shareholders dissatisfied with the conduct of board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings such as the AGM to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

The Constitution of Rio Tinto is not conducive to the right of shareholders to place resolutions on the agenda of a shareholder meeting.

In our view, this is contrary to the long-term interests of Rio Tinto, the Rio Tinto board and all Rio Tinto shareholders.

Passage of this resolution – to amend the Rio Tinto constitution – will simply put Rio Tinto in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand.

We encourage shareholders to vote in favour of this resolution.

Resolution 2 – Transition Planning Disclosure

Shareholders request that the company, in annual reporting from 2020, set out transition plans consistent with the goal of the Paris Agreement to limit global warming to 1.5°C. Plans should include short-, medium- and long-term targets to reduce scope 1, 2 and 3 greenhouse gas emissions, and detailed strategies to meet these targets.

This information should describe how capital expenditure decisions will align to the goals of the Paris Agreement, and how executive remuneration will incentivise adherence to the transition plans.

Supporting Statement 2

The Paris Agreement[1] on climate change, which aims to hold global warming to well below 2ºC above pre-industrial levels and aim for a 1.5ºC limit, has been ratified by 185 member

[1] https://unfccc.int/sites/default/files/english_paris_agreement.pdf, Article 2(1)(a)

parties. It is reasonable to expect governments and markets to accelerate the pace of action in order to achieve these goals.

Achieving the Paris Agreement's goals will require a substantial near-term transformation of the global economy to one that is virtually free of greenhouse gas emissions by the middle of the century. According to the IPCC, "In model pathways with no or limited overshoot of 1.5°C, global net anthropogenic CO_2 emissions decline by about 45% from 2010 levels by 2030... reaching net zero around 2050."[2]

Restructuring the economy to meet these goals will present significant risks and opportunities. The emissions-intensive nature of Rio Tinto's business leaves our company highly susceptible to market and regulatory changes required to meet the Paris Agreement's goal of limiting global warming to 1.5°C. Rio Tinto's actions and disclosures to date are not sufficient to demonstrate the company is adequately prepared for the risks and opportunities presented by this transition. This resolution is intended to remedy this concern, and provide shareholders assurance that the company is effectively mitigating its transitional climate risk.

<u>Emissions</u>

Rio Tinto's coal divestment has been a positive step towards reducing climate risk exposure. However, our large carbon footprint necessitates detailed plans to ensure effective risk management to transition to a low-carbon world.

Rio Tinto's 2018 greenhouse gas emissions were:[3]

- Scope 1: 17.8 million tCO_2e
- Scope 2: 10.8 million tCO_2e
- Scope 3: 536.0 million tCO_2e

In terms of scope 1 and 2 emissions, this makes us the 5th most greenhouse gas emitting company Australia.[4] In 2017, the company was ranked 24 on the Carbon Majors list of 100 companies responsible for 71% of industrial greenhouse gas emissions since 1988.[5]

Rio Tinto aims "for a substantial decarbonisation of our business by 2050"[6] and plans to "set new targets to replace the current emissions intensity target before it expires in 2020."[7] However, emissions-intensity targets can be met through action related to business and revenue as much as actual emissions output. Therefore, an emissions intensity target alone may mask our future scope 1, 2 and 3 greenhouse gas emission liabilities. Any targets set for emission reduction must be absolute, sufficiently ambitious to be consistent with the goals of the Paris Agreement, and set on a short (to 2025), medium (2030) and long-term (2050) basis in order to drive appropriate changes throughout the business.

Rio Tinto claims to "incorporate climate change considerations into our strategic planning and commercial frameworks, to make sure that risks and opportunities can be addressed

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[2] https://www.ipcc.ch/sr15/chapter/summary-for-policy-makers/, C.1
[3] https://www.riotinto.com/documents/RT_Our_approach_to_climate_change_2018.pdf, 26
[4] http://www.cleanenergyregulator.gov.au/NGER/Pages/Published%20information/Reported%20greenhouse%20and%20energy%20information%2c%20by%20year/Corporate-emissions-and-energy-data-2017%E2%80%9318.aspx
[5] https://6fefcbb86e61af1b2fc4-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/cms/reports/documents/000/002/327/original/Carbon-Majors-Report-2017.pdf?1501833772
[6] https://www.riotinto.com/documents/RT_Climate_change_position_statement.pdf
[7] https://www.riotinto.com/documents/RT_Our_approach_to_climate_change_2018.pdf, 29

comprehensively."[8] However, the company does not detail how emissions reduction, capital expenditure, and executive remuneration plans are informed by robust scenario analysis consistent with the uppermost ambition of the Paris Agreement. Alongside any targets to reduce emissions should be plans for how these targets will be achieved.

Effective management of scope 1 and 2 emissions would limit the potential for carbon costs and liabilities that can be expected to be imposed in future. Managing down scope 3 emissions is effectively mitigating the degree of risk exposure Rio Tinto has to sectors that will be structurally challenged as the world aims to keep global warming below 1.5ºC.

Investor and regulator expectations

The G20 Financial Stability Board set up its Task Force on Climate-related Financial Disclosures (TCFD) in 2015, following a landmark speech in which Chair Mark Carney stated "shifts in our climate bring potentially profound implications for… financial stability and the economy."[9] In June 2017 the TCFD published its final recommendations, designed to allow investors to "appropriately assess and price climate-related risk and opportunities."[10] Regulators and investors now expect companies to fully comply with the TCFD recommendations.

The Australian Government welcomed the release of the TCFD's Final Report, encouraging "all stakeholders to carefully consider the recommendations of the Taskforce."[11] APRA Executive Board member Geoff Summerhayes in 2017 warned Australian companies "can expect to see more emphasis on disclosure around climate risk exposure and management."[12] ASIC foreshadowed regulatory action after its September 2018 report found many companies were breaking the law by failing to adequately consider and disclose climate risk.[13]

All 46 respondents to Morrow Sodali's 2019 Institutional Investor Survey, with a combined US$33 trillion in assets under management, believe companies with material exposures to climate-related risks, like Rio Tinto, should adopt the recommendations of the TCFD.[14] Similarly, the Australian Council of Superannuation Investors' (ACSI) expects TCFD adoption to ensure companies can "successfully identify and manage the climate risks and opportunities [they] face."[15]

Rio Tinto has both the opportunity and the impetus to take the lead on climate change transition planning. Major investors are calling for ever more detailed climate risk disclosures. Rio Tinto signed up as a supporter of the TCFD recommendations in 2017,[16] but is yet to fully comply with them.

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[8] Ibid, 17
[9] https://www.bankofengland.co.uk/speech/2015/breaking-the-tragedy-of-the-horizon-climate-change-and-financial-stability, 3
[10] https://www.fsb-tcfd.org/publications/final-recommendations-report/
[11] https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Carbonrisk disclosure45/Government_Response, 3
[12] https://www.apra.gov.au/media-centre/speeches/weight-money-business-case-climate-risk-resilience
[13] https://download.asic.gov.au/media/4871341/rep593-published-20-september-2018.pdf
[14] https://www.morrowsodali.com/news/institutional-investor-survey-2019, 20
[15] https://www.acsi.org.au/images/stories/ACSIDocuments/ACSI-Governance-Guidelines.Nov17.pdf, 26
[16] https://www.riotinto.com/documents/RT_Our_approach_to_climate_change_2018.pdf, 9

The TCFD states:

> Organizations should describe their key climate-related targets such as those related to GHG emissions... in line with anticipated regulatory requirements or market constraints or other goals;[17]

And recommends that companies:

> Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.[18]

To fully comply with these recommendations, Rio Tinto must disclose absolute emissions reduction targets consistent with the goals of the Paris Agreement, along with strategies and progress to achieve these targets. This resolution simply asks that Rio Tinto meets these integral elements of the TCFD recommendations from 2020 on.

We encourage shareholders to vote in favour of this resolution.

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[17] https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf, 23

[18] Ibid, 20