

**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: Emissions Targets) 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 <sup>†</sup> /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 57(d): "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."

**Resolution 2 – Emissions Targets**

Recognising the company's commitment to the Task Force on Climate-related Financial Disclosures and the aims of the Climate Action 100+, shareholders request the company disclose, in subsequent annual reporting, short, medium and long-term targets for its scope 1, 2 and 3 greenhouse gas emissions and performance against those targets.

All targets should be independently verified as aligned with the climate goals of the Paris Agreement.

*(Rio Tinto Limited's Notice of 2021 Annual General Meeting is to include Resolutions 1 and 2. Shareholders voting by proxy can vote on both resolutions.)*

### **Supporting Statement 1**

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. 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 do not enjoy the same rights as their UK, US, New Zealand or Canadian counterparts 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 some situations the appropriate course of action for shareholders dissatisfied with the conduct or performance of the board is to seek to remove directors individually. However in many 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 advisory resolutions on the agenda of a shareholder meeting.

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

Passage of this resolution – to amend the Rio Tinto constitution – will simply put our company 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.

### **Supporting statement 2**

At the 2020 annual general meeting 37% of shareholders voted in favour of a resolution calling on Rio Tinto to produce independently-verified Paris-aligned targets to reduce scope 1, 2 and 3 emissions. Since then, Rio Tinto has failed to update its inadequate scope 1 and 2 emission reduction targets and failed to set any target to reduce scope 3 emissions. Clearly, further investor support is required to ensure the company acts to appropriately manage the severe financial risks posed by the low-carbon transition required to meet the climate goals of the Paris Agreement.

Ratified by 185 countries, the Paris Agreement aims to hold global warming to well below 2°C above pre-industrial levels and pursue a 1.5°C limit.<sup>1</sup> Governments and markets are accelerating climate action in order to achieve these goals.

According to the IPCC, "In model pathways with no or limited overshoot of 1.5°C, global net anthropogenic CO<sub>2</sub> emissions decline by about 45% from 2010 levels by 2030... reaching net zero around 2050."<sup>2</sup>

---

<sup>1</sup> [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf), Article 2(1)(a)

<sup>2</sup> <https://www.ipcc.ch/sr15/chapter/summary-for-policy-makers/>, C.1

### Scope 1 and 2 emissions

In February 2020, Rio Tinto announced targets to reduce absolute scope 1 and 2 greenhouse gas emissions by 15% by 2030 from a 2018 baseline.<sup>3</sup> These targets fall well short of what can be considered consistent with the Paris Agreement. Following the Science Based Targets initiative's Absolute Contraction Approach, alignment with the Paris Agreement's 1.5°C limit would require a 50% reduction in Scope 1 and 2 emissions over the same timeframe.<sup>4</sup>

Rio Tinto has committed to the goal of reaching net zero greenhouse gas emissions by 2050. However, it is widely accepted that the pathway to net zero requires emissions to roughly halve by 2030.<sup>5</sup>

### Scope 3 emissions

Rio Tinto's scope 3 emissions comprise 95% of the emissions our company is exposed to. Rio Tinto's 2019 scope 3 greenhouse gas emissions were 494 million tCO<sub>2</sub>e.<sup>6</sup>

The vast majority of Rio Tinto's scope 3 emissions are generated by our iron ore customers in the steelmaking process. In 2019, Rio Tinto's iron ore business accounted for \$16.1 billion of our company's total underlying EBITDA of \$21.2 billion (72%).<sup>7</sup> According to IPCC analysis, holding warming to 1.5°C will require emissions from industry, including steelmaking, to fall by around 40% from 2010 levels by 2030.<sup>8</sup>

Meeting the Paris climate goals will require the steel industry to either decarbonise or decline. Failure to adequately reduce greenhouse gas emissions in the steelmaking process therefore exposes our company to the risk of losing many customers whose emissions intensity is too high to survive the transition to a low carbon economy. Rio Tinto's choice is to work with clients to reduce emissions, or plan for a contraction in iron ore sales. Both outcomes can be directed by setting targets for the reduction in Scope 3 emissions over time.

In 2019, Rio Tinto announced a partnership with China Baowu Steel Group and Tsinghua University to explore methods to reduce carbon emissions across the steel value chain.<sup>9</sup> In December 2020 Rio committed to invest US\$10 million with China Baowu "in low-carbon steelmaking projects and research."<sup>10</sup> For context, this investment amounts to less than 0.08% of Rio's planned \$13 billion capital expenditure over the next two years. After more than a year of this partnership, Rio Tinto has provided no commitments as to the scale of emissions reductions expected, or even being sought, leaving our company without any scope 3 emission reduction goals.

### Rio Tinto lagging peers

In 2020, BHP committed to work to reduce the emissions intensity of its steelmaking customers by 30% by 2030, and work with the maritime industry to support an emissions

---

<sup>3</sup> Climate Change Position Statement (available at <https://www.riotinto.com/sustainability/climate-change>)

<sup>4</sup> <https://sciencebasedtargets.org/>

<sup>5</sup> <https://www.un.org/press/en/2020/sgsm20411.doc.htm>

<sup>6</sup> 2019 Climate Change Report (available at <https://www.riotinto.com/sustainability/climate-change>)

<sup>7</sup>

<https://www.riotinto.com/-/media/Content/Documents/Invest/Reports/Annual-reports/RT-Annual-report-2019.pdf>, 5

<sup>8</sup> [https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15\\_Chapter2\\_Low\\_Res.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15_Chapter2_Low_Res.pdf), 139

<sup>9</sup> <https://www.riotinto.com/news/releases/MOU-with-Chinese-partners>

<sup>10</sup>

<https://www.riotinto.com/en/news/releases/2020/Rio-Tinto-advances-climate-partnership-with-China-Baowu-Steel-with-US10-million-investment>

intensity reduction of 40% in BHP-chartered shipping by 2030.<sup>11</sup> While these commitments lack detail and accountability, and fall short of the ~50% emissions reduction (2020-2030) required to align with the Paris 1.5°C goal, they are a marked improvement on Rio Tinto's utter refusal to commit to any outcomes on scope 3 emission reductions.

Vale has set a target to reduce its scope 3 emissions by 15% by 2035.<sup>12</sup> This target clearly falls well below the level of ambition required to align with Paris, but demonstrates the falsity of Rio Tinto's repeated claims that it "cannot" set scope 3 targets.<sup>13</sup>

Our company's position inaccurately characterises scope 3 emission reduction targets as directives towards our customers, rather than a sensible risk-mitigation measure. This position lacks credibility given major competitors are committing to do what our board has said it cannot.

#### Investor and regulator expectations

The Task Force on Climate-related Financial Disclosures (TCFD) published its final recommendations in 2017, designed to allow investors to "appropriately assess and price climate-related risk and opportunities."<sup>14</sup> Regulators and investors now expect companies to fully comply with the TCFD recommendations.

Rio Tinto signed up as a supporter of the TCFD in 2017,<sup>15</sup> but is yet to fully comply with the recommendations.

The TCFD recommends companies:<sup>16</sup>

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Elaborating on this recommendation, the TCFD states:<sup>17</sup>

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.

Given Rio Tinto's significant exposure to climate change transition risks, our company must fully comply with these integral TCFD recommendations in relation to its scope 3 emissions.

We therefore encourage shareholders to vote in favour of this resolution.

---

11

[https://www.bhp.com/-/media/documents/investors/annual-reports/2020/200910\\_bhplimatechangereport2020.pdf](https://www.bhp.com/-/media/documents/investors/annual-reports/2020/200910_bhplimatechangereport2020.pdf), 7

<sup>12</sup> <http://www.vale.com/esg/en/Pages/ClimateChange.aspx>

<sup>13</sup> <https://www.asx.com.au/asxpdf/20190318/pdf/443kkwnkw7pzh2.pdf>, 3;

<https://www.asx.com.au/asxpdf/20200325/pdf/44gd90bznxp0g3.pdf>, 4

<sup>14</sup> <https://www.fsb-tcf.org/publications/final-recommendations-report/>

<sup>15</sup> [https://www.riotinto.com/documents/RT\\_Our\\_approach\\_to\\_climate\\_change\\_2018.pdf](https://www.riotinto.com/documents/RT_Our_approach_to_climate_change_2018.pdf), 9

<sup>16</sup> <https://www.fsb-tcf.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf>, 14

<sup>17</sup> <https://www.fsb-tcf.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf>, 23