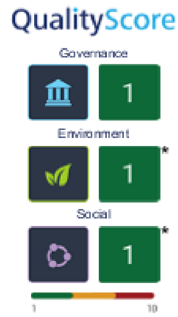
Rio Tinto Limited

Key Takeaways



Meeting Type: Annual
Meeting Date: 6 May 2021
Record Date: 4 May 2021
Meeting ID: 1496653

ASX: RIO
Index: ASX100
Sector: Diversified Metals & Mining
GICS: 15104020

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Rio Tinto plc and Rio Tinto Ltd operate under a Dual-Listed (DLC) structure with primary listings in the UK and Australia and two separate, but identical, boards.

This is the Australian AGM of Rio Tinto Ltd held in Perth. The corresponding AGM of Rio Tinto plc is held in London on 9 April 2021.

Juukan Gorge Incident

In May 2020, Rio Tinto destroyed two ancient rock shelters in the Juukan Gorge, at the Brockman 4 iron ore mine in Western Australia. The 46,000-year-old Aboriginal site is recognised as culturally significant to the Puutu Kunti Kurrama and Pinikura (PKKP) people and other traditional owners of the land on which Rio Tinto operates in Australia. The destruction of the rockshelters became a global story, sparking outrage from a number of stakeholders, including the traditional landowners, the company's own employees, and investors.

This event prompted a Board review, led by NED Michael L'Estrange. The review concluded that the Group fell short of the standards and internal guidance that Rio Tinto sets for itself. The proposed remediation was initially to reduce variable pay outcomes, however the Board later determined after further engagement with shareholders that the CEO's position was untenable, along with two other senior executives.

A number of changes have thus taken place in Board composition and leadership: CEO Jean-Sebastien Jacques will cease employment with effect from 31 March 2021, and two members of the Executive Committee, Chris Salisbury and Simone Niven, left the employment of the Company by mutual agreement on 31 December 2020. Board Chair Simon Thompson will step down at the 2022 AGM, having acknowledged accountability for the incident. NED Michael L'Estrange will also step down at the upcoming AGM. CFO Jakob Stausholm was appointed as CEO with effect from 1 January 2021.

Remuneration Report

A vote AGAINST the remuneration report tabled for approval for UK and Australia law purposes (Items 3 and 4) is considered warranted. The Remuneration Committee applied a malus provision to the former CEO's 2020 LTIP vesting outcome, reducing the vesting outcome by GBP 1 million, and his 2020 bonus has been forfeited. Despite these decisions, significant value is retained through his outstanding LTIP awards, which have been retained. The malus and clawback provisions within the 2018 remuneration policy expressly cover "a catastrophic safety or environment event" and "an exceptional event which has had, or may have, a material effect on the value or reputation of the Group", among others. There appears to be a case for a more robust application of the malus provisions in view of the gravity of the events at Juukan Gorge.

Director Elections

A vote AGAINST the re-election of Megan Clark (Item 5), the Chair of the Sustainability Committee, is considered warranted in light of the governance failures that have been identified in managing the social and environmental risks and relationships with indigenous communities in relation to the Juukan Gorge incident.

A vote FOR the re-election of Sam Laidlaw (Item 8), the Chair of the Remuneration Committee, is considered warranted, though qualified by the concerns around the treatment of the outstanding LTIP awards for the former CEO and other senior executives. Although there may be a case for a stronger voting position, it is noted that as Senior Independent Director, Laidlaw is leading the succession process for Simon Thompson as Board Chair. As such, a voting sanction is not considered to be in the best interests of the Company and its shareholders at this time.

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A vote FOR the re-election of the Board Chair, Simon Thompson (Item 12), is warranted on the basis that his extended tenure will assist with an orderly handover and provide continuity during a period of transition for the Company. However, this support is qualified due to concerns around his acknowledged role in the destruction of the Juukan Gorge. Thompson has stated in the AGM notice of meeting that "As Chair, I am ultimately accountable for the failings that led to this tragic event." He intends to step down at the 2022 AGM, stating this will provide a period of stability and support for the CEO and executive team and allow an orderly appointment of a successor.

Shareholder Proposals

Two groups of shareholders have given notice under section 249N of the Corporations Act requisitioning special resolutions to seek amendments to the company's constitution and if passed to consider proposals requesting the company disclose information on their scope 1 and 2 greenhouse gas emissions and performance and enhance its annual review of industry associations.

Rio Tinto has announced it will support the non-binding advisory resolutions and as such the constitutional amendments are not required this year. The requisitioning shareholders have therefore withdrawn the special resolutions.

Shareholder support FOR the non-binding advisory resolutions on Emissions Targets (Item 19) and Climate-related Lobbying (Item 20) are warranted because the company:

- Believes it is substantially in compliance with the emissions target resolution,
- Intends to put their annual TCFD-aligned reporting to an advisory vote at the 2022 Annual General Meetings, and
- Conducted a full review of Rio Tinto's policy positions and advocacy by industry associations in 2020.

Agenda & Recommendations

Policy: Australia
Incorporated: Australia

Item	Code	Proposal	Board Rec.	ISS Rec.
MANAGEMENT PROPOSALS				
1	M0105	Accept Financial Statements and Statutory Reports	FOR	FOR
2	M0570	Approve Remuneration Policy	FOR	FOR
3	M0550	Approve Remuneration Report for UK Law Purposes	FOR	AGAINST
4	M0550	Approve Remuneration Report for Australian Law Purposes	FOR	AGAINST
5	M0201	Elect Megan Clark as Director	FOR	AGAINST
6	M0201	Elect Hinda Gharbi as Director	FOR	FOR
7	M0201	Elect Simon Henry as Director	FOR	FOR
▶8	M0201	Elect Sam Laidlaw as Director	FOR	FOR
9	M0201	Elect Simon McKeon as Director	FOR	FOR
10	M0201	Elect Jennifer Nason as Director	FOR	FOR
11	M0201	Elect Jakob Stausholm as Director	FOR	FOR
▶12	M0201	Elect Simon Thompson as Director	FOR	FOR
13	M0201	Elect Ngaire Woods as Director	FOR	FOR
14	M0101	Appoint KPMG LLP as Auditors	FOR	FOR
15	M0109	Authorize the Audit Committee to Fix Remuneration of Auditors	FOR	FOR
16	M0163	Authorize EU Political Donations and Expenditure	FOR	FOR
17	M0553	Approve Renewal and Amendment to the Rio Tinto Global Employee Share Plan	NONE	FOR

18	M0318	Approve the Renewal of Off-Market and On-Market Share Buy-back Authorities	FOR	FOR
SHAREHOLDER PROPOSALS				
19	S0742	Approve Emissions Targets	FOR	FOR
20	S0745	Approve Climate-Related Lobbying	FOR	FOR

Shading indicates that ISS recommendation differs from Board recommendation
▶ Items deserving attention due to contentious issues or controversy

ISS-Company Dialogue

Dates	Topic(s)	Initiated By	Notes	Outcome
December 2020	ESG, Remuneration Report	Issuer	Discussion of Juukan Gorge incident; executive remuneration.	Explanation of Company Practice/Rationale
February 2021	ESG	Issuer	Discussion of Juukan Gorge and general approach to climate transition and climate reporting.	Explanation of Company Practice/Rationale
March 2021	Draft Review	ISS (with Issuer/Representative)	The company was given the opportunity to review a draft of this analysis for fact-checking purposes.	Explanation of Company Practice/Rationale

Note: ISS engages in ongoing dialogue with issuers in order to ask for additional information or clarification, but not to engage on behalf of its clients. Any draft review which may occur as part of this process is done for purposes of data verification only. All ISS recommendations are based solely upon publicly disclosed information.

Material Company Updates

COVID-19

The annual report states: "Our focus on cost control and productivity improvements continued throughout the year. The pandemic-induced economic slowdown led to significantly lower energy costs, increasing underlying EBITDA by USD 0.5 billion, mainly from lower diesel prices for our trucks, trains and ships and reduced coal prices for two of our Pacific Aluminium smelters. We also benefited from continued respite on cost inflation for certain raw materials for our aluminium business, in particular caustic soda, pitch, petroleum coke and alloys. However, this was outweighed by other cost pressures, notably the fixed cost inefficiencies in our Copper business: at Kennecott, due to the extended smelter maintenance, and at Oyu Tolgoi in line with a temporary reduction in gold grades. Overall, our higher unit cash costs, excluding energy and general inflation, reduced underlying EBITDA by USD 0.4 billion compared with 2019. In addition, we incurred USD 0.3 billion of costs associated with tackling COVID-19 across our operations."

"Despite challenging circumstances, we delivered a resilient financial performance in 2020, with underlying earnings of USD 12.4 billion, underlying EBITDA of USD 23.9 billion and free cash flow of USD 9.4 billion. Net debt further reduced to USD 0.7 billion (2019: USD 3.7 billion), underpinning an already strong balance sheet providing both resilience and optionality."

Employees

The Company did not furlough or make any employee redundant and did not seek any government assistance. The Company states that: "The protocols we put in place include those in line with government guidance, directives and best practice advice from leading medical experts and international health organisations. Our measures included: travel restrictions, social distancing, increased personal hygiene, and greater support for employees in areas such as mental health, managing fatigue and adjusting to working from home as well."

JUUKAN GORGE

In May 2020, Rio Tinto destroyed two ancient rock shelters in the Juukan Gorge, at the Brockman 4 iron ore mine in Western Australia. The 46,000-year-old Aboriginal site destroyed by Rio Tinto is recognised as culturally significant to the Puutu Kunti Kurrama and Pinikura (PKKP) people and other traditional owners of the land on which Rio Tinto operates in Australia.

Internal Review

A Board review was undertaken and published on 24 August 2020 [LINK], which was led by NED Michael L'Estrange. The review led the Company to identify what elements of Rio Tinto's systems, decision-making processes and governance failed to work as they should have and to set out recommendations to prevent similar incidents from occurring in the future. According to the review, the decision to destroy the rock shelter was taken nearly eight years ago, although it was not until 2020 that this decision was implemented due to the "long-cycle nature of the mining industry".

The Company acknowledges that the archaeological and ethnographic reports received in 2013/14 should have triggered an internal review for the mine development plans, but such a review did not take place. Following completion of the archaeological surveys and other mitigation measures agreed with the PKKP people in 2014, the site was reclassified as 'cleared' for mining and removed from relevant risk registers. The final archaeological report was received in 2018, but once again the opportunity to revise the mine plan was missed. Further opportunities were also missed during 2019/2020.

The Board review concluded that "while Rio Tinto had obtained legal authority to impact the Juukan rockshelters, it fell short of the standards and internal guidance that Rio Tinto sets for itself, over and above its legal obligations. The review found no single root cause or error that directly resulted in the destruction of the rockshelters. It was the result of a series of decisions, actions and omissions over an extended period of time, underpinned by flaws in systems, data sharing, engagement within the company and with the PKKP, and poor decision-making."

Amendments and Plans to Operations

Through the findings of the Board review, the Company has set out an action plan focused on three key areas which are: i) remediation of the destruction of the rock shelter, ii) reform of governance processes and iii) fostering a more inclusive work culture.

A moratorium has been agreed on mining in the Juukan Gorge area and work is underway on a remediation plan. The Company's efforts to find remedy of the destruction of the rock shelter currently include restoring the two affected shelters to the fullest extent possible, and if it is safe, to re-establish access. However, the Juukan 2 rock shelter is likely to be irreparably damaged. As stated by the Company, Rio Tinto is also providing funding to support the PKKP's submission to the Joint Standing Committee on Norther Australia (the Parliamentary Inquiry) and is promoting their participation in discussions about how to rebuild and strengthen their partnership.

The reform of governance processes is aimed to ensure that Rio Tinto is not involved in similar events in the future. The focus is currently placed on:

- Integrated Heritage Management Process (IHMP): To ensure that the Company does not have other sites of exceptional cultural significance within the existing mine plans;
- Empowering operational management: All community and heritage management professionals at Rio Tinto's operations now report to product group line management;
- Improved governance and Board oversight;
- Strengthened assurance;
- Modernisation of agreements with Traditional Owners;
- Increasing transparency: Subject to the consent of Traditional Owners in Australia, the Company intends to make new agreements public;
- The creation of an Indigenous Advisory Group (IAG), for which consultation with Traditional Owners is under way. This would be intended to provide direct input into the Company's indigenous strategy in Australia and coaching, mentoring and advice to senior leadership and, where possible, to the Board Fostering Australian Indigenous leadership.

The Audit Committee of the Board will "ensure that relevant lessons from Juukan Gorge are also applied to all other risk management processes, particularly those, like Juukan Gorge, where there is a significant lag between decision and implementation".

Additionally, the Company is working towards creating a more inclusive work culture by increasing awareness and understanding of community and heritage issues and fostering Australian Indigenous leadership. It is stated that the Company is engaging with the Government of Western Australia in relation to reforming the Aboriginal Heritage Act of 1972.

The Non-Executive Directors donated the equivalent of 10% of their 2020 NED fees to the Clontarf Foundation, which supports education, training and employment for Indigenous Australians. Jakob Stausholm, the Chief Executive and executive director, has made a donation of an equivalent amount.

Further details about the plans listed above can be found in the Company's website [LINK].

Leadership Changes

Although the Board's initially attempted to disquiet stakeholder unrest with a cut to the former CEO's bonus, it ultimately resolved to make a change in leadership, alongside other members of the leadership team who were considered responsible.

As further discussed under the Board Profile and stated in the annual report: "During the two weeks following the publication of the Board Review in August 2020, we engaged with over 70 of our shareholders, Traditional Owners, Indigenous leaders, the governments of Australia and Western Australia, and other stakeholders. At the end of that two-week period of intense engagement, the Board unanimously agreed that Jean-Sebastien Jacques (CEO), Chris Salisbury (Chief Executive of Iron Ore) and Simone Niven (Group Executive of Corporate Relations) should leave the company by mutual agreement as it was clear that a number of influential shareholders and other important stakeholders (mainly, but not exclusively, in Australia) had lost confidence in their ability to lead the necessary change".

SAFETY-RELATED INCIDENTS

As stated in the 2020 annual report, two employees suffered permanent disabling injuries: an employee lost his hand at Richards Bay Minerals, the titanium dioxide operation in South Africa, and a contractor was permanently injured at the Diavik Diamond Mine in Canada. The Company stated that it is supporting both colleagues and their families and are committed to learn from and prevent these tragic incidents from recurring.

SHAREHOLDER RESOLUTIONS

Two shareholder resolutions have been proposed at Rio Tinto Ltd, the Australian arm of the dual-listed structure. The first is requisitioned by a group of shareholders representing just under 0.02% of the issued shares of Rio Tinto Ltd, requesting that the Company disclose, in subsequent annual reporting, short, medium and long-term targets for its scope 1 and 2 greenhouse gas emissions and performance against those targets. The resolution proposes that those targets should be independently verified as aligned with the climate goals of the Paris Agreement.

The other resolution is requisitioned by a second group of shareholders representing just over 0.01% of the issued shares of Rio Tinto Ltd. The resolution requests that the Company enhance its annual review of industry associations to ensure that the review identifies areas of inconsistency with the Paris Agreement, and a recommendation that the Company suspend membership, for a period deemed suitable by the Board, where an industry association s record of advocacy is, on balance, inconsistent with the Paris Agreement s goals. Management recommends shareholders to support both resolutions.

Each group of requisitioning shareholders had also proposed an amendment to Rio Tinto Limited s constitution to allow non-binding advisory resolutions, which is typical in the Australian market. The Company opposed this resolution as, in its view, it would be likely to create uncertainty and would "give rise to a number of practical difficulties, including in relation to the authority and accountability of the Directors". As management is supporting non-binding advisory resolutions tabled at the 2021 AGM, however, the constitutional amendment is not required this year, and the requisitioning shareholders have accordingly withdrawn these resolutions.

The Company's approach of submitting the resolutions to shareholder vote at Rio Tinto Ltd, but not at Rio Tinto plc, stands in contrast to fellow AU/UK dual-listed miner BHP Group, which has allowed both sets of shareholders to vote on the shareholder-requisitioned resolutions at its recent AGMs.

CLIMATE VOTE

The Company states that as a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, it will work towards disclosures consistent with the evolving Climate Action 100+ (CA 100+) benchmark and intends to put its annual TCFD-aligned reporting to an advisory vote at the 2022 AGM.

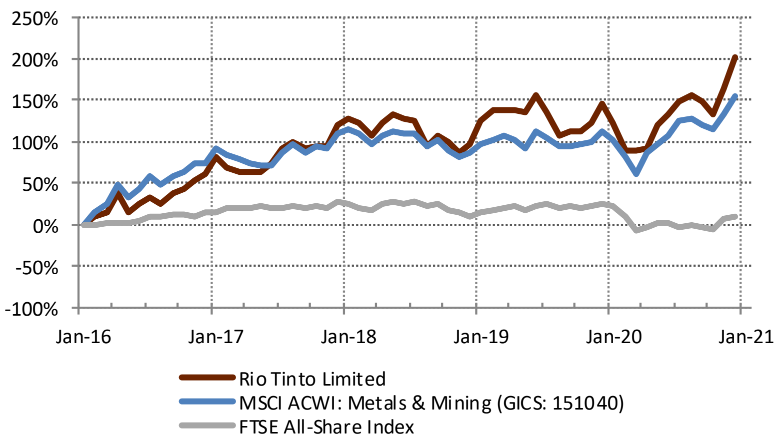
CURRENCY NOTE

All figures in this report are Australian dollars unless stated otherwise. The average exchange rate for the 12 months to 31 December 2020 is 1 AUD = 0.6909 USD. The company's annual report is disclosed in USD.

Financial Highlights

Company Description: Rio Tinto Group engages in exploring, mining, and processing mineral resources worldwide. The company offers aluminum, copper, diamonds, gold, borates, titanium dioxide, salt, iron ore, and uranium.

STOCK PRICE PERFORMANCE



TOTAL SHAREHOLDER RETURNS (ANNUALIZED)

	1 Yr	3 Yr	5 Yr
Company TSR (%)	20.99	17.18	26.75
GICS 1510 TSR (%)	21.47	7.36	14.87
Index TSR (%)	14.77	10.58	12.29

Source: Compustat. As of last day of company FY end month: 12/31/2020

COMPANY SNAPSHOT (AS OF RECORD DATE)

Market Cap (M)	125,118.7
Closing Price	75.39
Dividends Paid (LTM)	5.58
52-Week High	91.26
52-Week Low	36.78
Shares Outstanding (M)	1247.68
Average daily trading volume (prior mo)*	3,429.65

Source: Compustat. As of March 19, 2021 (All currency in USD)
* Trading Volume in thousands of shares

FINANCIAL & OPERATIONAL PERFORMANCE

	Historical Performance (FY ending)				
All currency in USD	**12/2016**	**12/2017**	**12/2018**	**12/2019**	**12/2020**
Earnings					
Revenue (M)	33,781	40,030	40,522	43,165	44,611
Net Income (M)	4,617	8,762	13,638	8,010	9,769
EBITDA (M)	10,584	15,772	16,363	17,688	21,039
EPS (USD)	2.57	5.00	8.28	4.95	6.04
EPS Y/Y Growth (%)		95	66	-40	22
Profitability					
Pretax Net Margin (%)	19	32	45	26	35
EBITDA Margin (%)	31	39	40	41	47
Return on Equity (%)	12	20	31	20	21
Return on Assets (%)	5	9	15	9	10
ROIC (%)	7	13	22	14	15
Leverage					
Debt/Assets	20	16	14	16	14
Debt/Equity	45	34	29	35	29
Cash Flows					
Operating (M)	8,465	13,884	11,821	14,912	15,875
Investing (M)	-2,104	-2,373	1,321	-5,501	-6,556
Financing (M)	-7,491	-9,141	-12,951	-12,219	-7,130
Net Change (M)	-1,165	2,358	342	-2,862	2,354
Valuation & Performance					
Price/Earnings	15.20	10.70	5.70	12.10	12.20
Annual TSR (%)	41.20	43.98	-5.51	40.75	32.43

Source: Compustat. *Note: Compustat standardizes financial data and fiscal year designations to allow for meaningful comparison across companies. Compustat data may differ from companies' disclosed financials and does not incorporate non-trading equity units. See www.issgovernance.com/policy-gateway/company-financials-faq/ for more information.

Ownership & Control Overview

Stock Type	Votes per Share	Issued
Ordinary Shares	1	371,216,214

Top Holders - Ownership & Control	% of Stock	% of Votes
▶The Vanguard Group, Inc.	6.0	6.0
▶○BlackRock, Inc	2.9	2.9
Vanguard Investments Australia Ltd.	1.4	1.4
Computershare Ltd.	1.0	1.0
APG Asset Management NV	0.5	0.5
Union Investment Privatfonds GmbH	0.5	0.5
Argo Investments Ltd. (Investment Management)	0.5	0.5
Australian Foundation Investment Co. Ltd. (Invt Mgmt)	0.5	0.5
Geode Capital Management LLC	0.5	0.5

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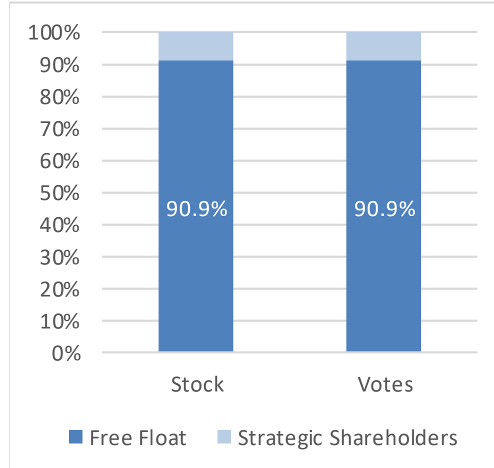


Percentages rounded down to 1 decimal. "▶" identifies shareholders considered strategic under ISS' definition. ○ identifies shareholders acting in concert.

to Detailed Ownership Profile

ISS' definition of strategic shareholders may include, but is not limited to, shareholders with board representation, State-controlled entities, insiders/executives, employee funds, and other entities with holdings beyond a materiality threshold (5% or 10%).

Corporate Governance Profile

BOARD SUMMARY

Chairman classification	Independent
Separate chair/CEO	Yes
Independent lead director	Yes
Voting standard	Majority
Total director ownership (000 shares)	28
Total director ownership (%)	< 1
Percentage of directors owning stock	66.7%
Number of directors attending < 75% of meetings	0
Average director age	59 years
Average director tenure	3 years
Percentage of women on board	44%

SHAREHOLDER RIGHTS SUMMARY

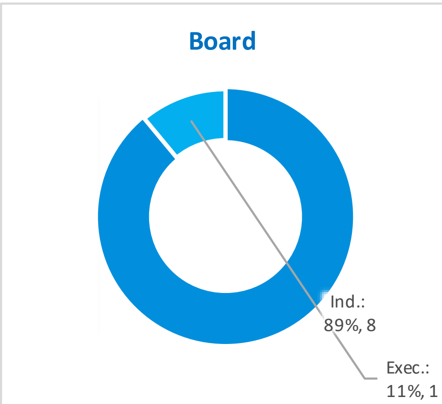
Controlled company*	No
Classified board	No
Dual-class stock	No
Vote standard for mergers/acquisitions	Majority
Vote standard for charter/bylaw amendment	75%
Shareholder right to call special meetings	**

*Defined as a substantial shareholder controlling at least 50% of the company's outstanding common shares.
**By law, a group of shareholders representing at least 5% of the company's outstanding common shares, or a group of 100 shareholders, may call a special meeting at any company incorporated in Australia."

Board and board committees	
The board should have a majority of independent directors	Yes
The chairman should be an independent director	Yes
There should be an audit committee	Yes
The audit committee should be chaired by an independent director	Yes
The audit committee should consist entirely of independent non-executive directors	Yes
There should be a remuneration committee	Yes
The remuneration committee should be chaired by an independent director	Yes
The remuneration committee should have a majority of independent directors	Yes
There should be a nomination committee	Yes
The nomination committee should be chaired by an independent director	Yes
The nomination committee should have a majority of independent directors	Yes
Diversity	
The company has a policy concerning diversity	Yes
The board has set measurable objectives for achieving gender diversity	Yes
The board assesses annually both the objectives and progress in achieving them	Yes

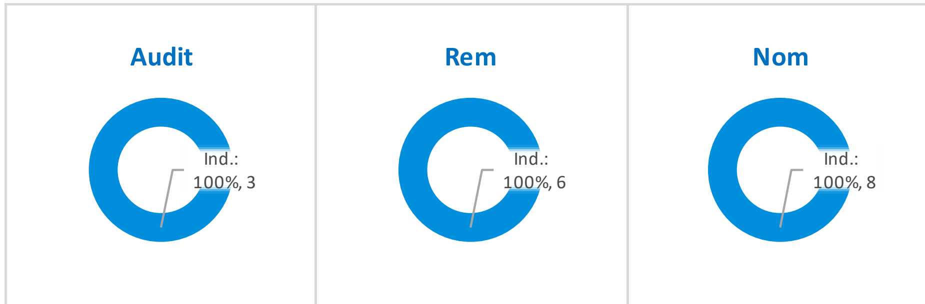
Board & Committee Composition

The information provided in the charts and tables below is based on ISS data records, which rely on disclosures in proxy materials and other public sources available as of the date set forth below (for the general meeting under review) and, with respect to information from prior years, information that was available ahead of each year's annual general meeting at the time of ISS' report for that meeting. As such, these charts and tables might not reflect changes to the board composition and/or other covered elements subsequently disclosed by the issuer after ISS' publications or between general meetings.
Independence values refer to ISS Independence classifications ("Exec": Executive Director; "N-Ind.": Non-Independent Director; "Ind.": Independent Director).



Meetings last FY:7

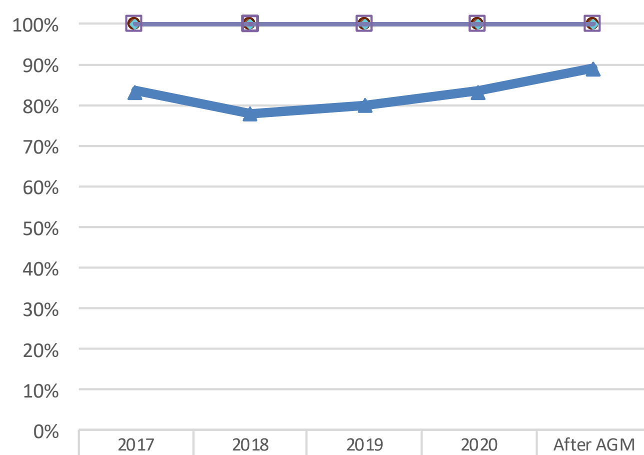
as of May 6, 2021



Meetings last FY:6 | Meetings last FY:6 | Meetings last FY:6

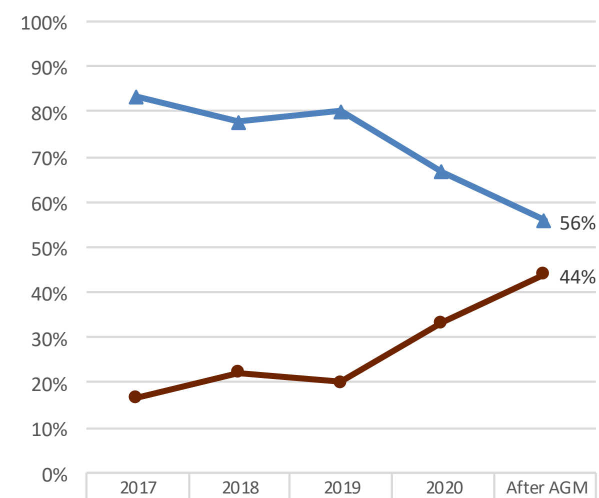
Exec **N-Ind.** **Ind.**

Independence History



	2017	2018	2019	2020	After AGM
Board	83%	78%	80%	83%	89%
Audit Com	100%	100%	100%	100%	100%
Rem Com	100%	100%	100%	100%	100%
Nom Com	100%	100%	100%	100%	100%

Gender Diversity Trend



	2017	2018	2019	2020	After AGM
male	83%	78%	80%	67%	56%
female	17%	22%	20%	33%	44%

Director tenure

Board Profile (after upcoming meeting)

Item #	Executive Directors	Affiliation	Independence		Leadership	Gender	Age	Tenure	Term Ends	Committee		
			Co.	ISS						Audit	Rem	Nom
11	**Jakob Stausholm**		Exec	Exec		M	52	2	2022			
	Non-Executive Directors											
12	**Simon Thompson**		Ind.	Ind.	Chair	M	61	7	2022		M	C
8	**William (Sam) Laidlaw**		Ind.	Ind.	Lead Dir	M	65	4	2022		C	M
5	**Megan Clark**		Ind.	Ind.		F	62	6	2022		M	M
6	**Hinda Gharbi**		Ind.	Ind.		F	50	1	2022	M		M
7	**Simon Henry**		Ind.	Ind.		M	59	4	2022	C **F**		M
9	**Simon McKeon**		Ind.	Ind.		M	65	2	2022	M	M	M
10	**Jennifer Nason**		Ind.	Ind.		F	60	1	2022		M	M
13	**Ngaire Woods**		Ind.	Ind.		F	58	0	2022		M	M
			89% Ind.	89% Ind.		44% F	Ave: 59	Ave: 3	Ave: 1	100% Ind.	100% Ind.	100% Ind.

Committee Membership: M = Member | C = Chair | **F = Financial Expert**

DIRECTOR NOTES

12	Simon Thompson	OTHER INFORMATION	3i Group plc (Chairperson)

COMMITMENTS AT PUBLIC COMPANIES

Item #	Director Name	# of boards	Company Name	Mandate Type	CEO	Board Chair	Committee			Ownership		
							Audit	Rem	Nom	#	% stock	% votes
11	Jakob Stausholm	1	*Rio Tinto Limited*	Executive Director	✓					0	0	0
			Rio Tinto Plc	Executive Director	✓							
12	Simon Thompson	2	*Rio Tinto Limited*	Non-Executive Director		✓		M	C	0	0	0
			3i Group Plc	Non-Executive Director		✓		M	C			
			Rio Tinto Plc	Non-Executive Director		✓		M	C			
8	William (Sam) Laidlaw	1	*Rio Tinto Limited*	Non-Executive Director				C	M	7,500	<0.1	<0.1
			Rio Tinto Plc	Non-Executive Director				C	M			
5	Megan Clark	2	*Rio Tinto Limited*	Non-Executive Director				M	M	5,770	<0.1	<0.1
			CSL Limited	Non-Executive Director				C	M			
			Rio Tinto Plc	Non-Executive Director				M	M			
6	Hinda Gharbi	1	*Rio Tinto Limited*	Non-Executive Director			M		M	1,400	<0.1	<0.1
			Rio Tinto Plc	Non-Executive Director			M		M			
7	Simon Henry	2	*Rio Tinto Limited*	Non-Executive Director			C **F**		M	1,500	<0.1	<0.1
			Rio Tinto Plc	Non-Executive Director			C **F**		M			
			PetroChina Company Limited	Non-Executive Director								
9	Simon McKeon	2	*Rio Tinto Limited*	Non-Executive Director			M	M	M	10,000	<0.1	<0.1
			Rio Tinto Plc	Non-Executive Director			M	M	M			
			National Australia Bank Limited	Non-Executive Director					M			
10	Jennifer Nason	1	*Rio Tinto Limited*	Non-Executive Director				M	M	1,765	<0.1	<0.1
			Rio Tinto Plc	Non-Executive Director				M	M			
13	Ngaire Woods	1	*Rio Tinto Limited*	Non-Executive Director				M	M	0	0	0
			Rio Tinto Plc	Non-Executive Director				M	M			

Companies highlighted in blue are considered belonging to the same group and count as 1 for ISS board count calculations.

DIRECTOR PAY AND ATTENDANCE OVERVIEW MOST RECENT FY

Item #	Director Name	Board Position	Attendance (in %)	Total Compensation
11	Jakob Stausholm	ED	100	3,274,000
12	Simon Thompson	**NED, Chair, Rem (M), Nom (C)**	**100**	**939,000**
8	William (Sam) Laidlaw	NED, Rem (C), Nom (M)	100	264,000
5	Megan Clark	NED, Rem (M), Nom (M)	100	240,000
6	Hinda Gharbi	NED, Audit (M), Nom (M)	94	162,000
7	Simon Henry	NED, Audit (C), Nom (M)	100	214,000
9	Simon McKeon	NED, Audit (M), Rem (M), Nom (M)	100	239,000
10	Jennifer Nason	NED, Rem (M), Nom (M)	100	153,000
13	Ngaire Woods	NED, Rem (M), Nom (M)	100	60,000
Total				5,545,000

Attendance rates take into account board and committee meetings.
Pay in local currency
ED for Executive Directors, NED for Non-Executive Directors

BOARD CHANGES

- On 1 September 2020, Ngaire Woods joined the Board as NED.
- With effect from 31 December 2020, David Constable stepped down as NED to assume the role of CEO at Fluor Corporation.

Board Changes in connection with Juukan Gorge

As announced on 11 September 2020, following the publication on 24 August 2020 of the Board Review of Cultural Heritage Management (the Board Review), undertaken in response to the destruction of the Juukan rockshelters in May 2020, the Board engaged with stakeholders, which revealed that significant concerns were expressed on executive accountability for the failings identified. The following changes to the Board were accordingly determined:

- On 1 January 2021, Jean-Sébastien Jacques stepped down as CEO and Director and has a planned date of departure from the Group on 31 March 2021. CFO Jakob Stausholm was appointed CEO with effect from the same date.
- Chris Salisbury stepped down as Chief Executive of Iron Ore and his departure from the Company on 31 December 2020. With effect from the same date, Simone Niven, Group Executive of Corporate Relations, ceased employment with the Company. Both individuals assumed non-Board positions.
- On 3 March 2021, Chair Simon Thompson informed the Board that he will not seek re-election as a NED at the 2022 annual general meeting. The announcement of his stepping down follows his admission of accountability for the failings that led to the destruction of the Juukan rockshelters.
- Also with effect on 3 March 2021, it was announced that Michael L'Estrange will step down as NED at the upcoming AGM. He led the Board-initiated heritage process review, which, as further discussed in **Material Company Updates**, was established "with a focus on recommending improvements to the effectiveness of its internal processes and governance".

SUCCESSION PLANNING

"In 2021, the Committee will re-focus on broader succession planning for the Board and Executive Committee. In his first year as Chief Executive, Jakob's priorities will include a review of the development needs of the senior executive team and the appointment of a new Chief Financial Officer."

- Additionally, Sam Laidlaw, SID, and Simon McKeon, senior independent director of Rio Tinto Limited, will jointly lead the search for a successor to Simon Thompson, following the announcement of Simon Thompson stepping down from the Board at the 2022 AGM.
- With regards to Directors who have stepped down, the Board states that a search is underway for their replacements to "ensure appropriate representation on the Board from our key countries of operation".

BOARD DIVERSITY

The annual report states that: "Following the changes to the Board this year, we are fully compliant with both the Hampton Alexander and the Parker review guidelines on board composition."

Gender Diversity Demographics

Employee Level	Male (%)	Female (%)
Board	67%	33%
Senior Management*	77%	23%
Total employees	81%	19%
No of employees	40,675	

*Includes Executive Committee and their direct reports.

QualityScore

Governance	1	Environment	1	Social	1
Lower Risk – Higher Risk		Higher Disclosure – Lower Disclosure		Higher Disclosure – Lower Disclosure	
Board Structure	1	Management of Environmental Risks and Opportunities	4	Human Rights	1
Compensation	1	Carbon and Climate	1	Labor, Health, and Safety	5
Shareholder Rights	7	Natural Resources	1	Stakeholders and Society	1
Audit & Risk Oversight	4	Waste and Toxicity	4	Product Safety, Quality, and Brand	2

Governance Scores As Of: March 30, 2021
Last Data Profile Update: March 30, 2021

Environmental and Social Scores As Of: March 30, 2021
Last Data Profile Update: Nov. 11, 2020

ISS Governance QualityScore is derived from publicly disclosed data and reporting on company governance disclosure, risk and performance. ISS Environmental and Social QualityScore is based on company disclosure and transparency practices. Scores indicate decile rank among relative index, region (Governance QualityScore), or industry group (Environmental and Social QualityScore). Scores are calculated at each pillar by summing the factor scores in that pillar. Not all factors and not all subcategories have equal weight.

For more information on ISS QualityScore, visit www.issgovernance.com/solutions/qualityscore. For questions, visit ISS Help Center.

Climate Awareness Scorecard

Climate Risk Exposure

CARBON RISK CLASSIFICATION

Risk Level	**High**

The Carbon Risk Classification identifies a company's individual exposure to carbon risks based on industry assignment and business activities, taking into account the greenhouse gas emissions of production processes, products and services along the value chain. Risk exposure is classified as high, medium, low, or negligible.

INCIDENT-BASED RISK EXPOSURE

Norms Violation	**Under Observation**

The Paris Agreement and other universally accepted climate norms set "do no harm" standards for a corporate climate practice. Certain companies, however, might be violating such norms. ISS Norm-Based Research differentiates between the level of failure to respect norms. The Norms violations categories are assigned according to the degree of verification, severity and remediation, if any.

Climate Performance

CURRENT CLIMATE PERFORMANCE

Greenhouse Gas Emissions	Total
Total Emissions (Scope 1&2)	26,800,000 tCO_2e*
Total Emissions (Scope 3)	37,196,391 tCO_2e**
Emission Intensity (Scope 1&2 /m$ revenue)	620 tCO_2e
Average Peer Emission Intensity (Scope 1&2 /m$ revenue)	898.4 tCO_2e

FORWARD-LOOKING CLIMATE PERFORMANCE

Carbon Risk Rating	Total
Category	Climate Medium Performer
Rating (0-100)	43

To meet climate targets and avoid climate risks, the current and future performance on climate challenges matters. Current direct and indirect greenhouse gas emissions, normalized by revenue, provide an indicator for the climate efficiency of a company. This can be contrasted to the average emission intensity of industry peers with a similar emission profile. Greenhouse gas emissions are sourced from company disclosure or the CDP and are updated by 31 December of each year for the previous business year. For non- or poorly reporting companies, emissions will be estimated. The Carbon Risk Rating provides a future-oriented analysis of carbon-related risks through an assessment of climate-related performance indicators and the company specific carbon risk classification. It differentiates between leaders, outperformers, medium performers and laggards on a scale from 0 (worst) to 100 (best).

Climate Disclosure

CLIMATE RISK DISCLOSURE

Climate Disclosure Pillars	Disclosure Alignment
Governance	MEETS STANDARD
Strategy	MEETS STANDARD
Risk Management	EXEMPLIFIES STANDARD
Metrics & Targets	EXEMPLIFIES STANDARD

A key indicator of a robust strategy to address the risks and opportunities of climate change is a company's disclosure of its activities. The Climate Disclosure assessment follows the nomenclature of the Task Force on Climate-related Financial Disclosures (TCFD) to score a company on disclosure regarding climate governance, strategy, risk management, and metrics and targets with the classifications: Standard Unmet, Partial Alignment, Meets Standard, and Exemplifies Standard.

The ISS Climate Awareness Scorecard reflects publicly disclosed data and reporting on the company's climate change-related disclosures and performance. The Scorecard uses a range of climate-related factors to indicate a company's disclosure practices and performance record including its carbon risk classification. Companies are evaluated on overall disclosure (Governance, Strategy, Risk Management, Metrics & Targets) and performance factors (Norms Violations, GHG Emissions, Performance Ratings). For more information or questions regarding ISS Climate Awareness Scorecard, please contact: ISS Help Center.

*Reported **Estimated

Vote Results for Annual General Meeting 7 May 2020

Proxy Results

Proposal	Mgmt Rec	ISS Rec	% For	% Against	% Abstain
1 Accept Financial Statements and Statutory Reports	For	For	97.7	0.8	1.5
2 Approve Remuneration Report for UK Law Purposes	For	For	91.3	6.5	2.2
3 Approve Remuneration Report for Australian Law Purposes	For	For	91.3	7.2	1.5
4 Approve the Potential Termination of Benefits for Australian Law Purposes	For	For	97.2	1.3	1.6
5 Elect Hinda Gharbi as Director	For	For	98.7	0.1	1.2
6 Elect Jennifer Nason as Director	For	For	98.7	0.1	1.2
7 Elect Ngaire Woods as Director	For	For	98.7	0.1	1.2
8 Elect Megan Clark as Director	For	For	98.7	0.1	1.2
9 Elect David Constable as Director	For	For	98.6	0.2	1.2
10 Elect Simon Henry as Director	For	For	98.4	0.5	1.2
11 Elect Jean-Sebastien Jacques as Director	For	For	98.7	0.1	1.2
12 Elect Sam Laidlaw as Director	For	For	97.8	0.6	1.6
13 Elect Michael L'Estrange as Director	For	For	98.6	0.2	1.2
14 Elect Simon McKeon as Director	For	For	98.7	0.2	1.2
15 Elect Jakob Stausholm as Director	For	For	98.6	0.2	1.2
16 Elect Simon Thompson as Director	For	For	97.6	1.2	1.3
17 Appoint KPMG LLP as Auditors	For	For	98.0	0.8	1.2
18 Authorise the Audit Committee to Fix Remuneration of Auditors	For	For	98.5	0.3	1.2
19 Authorise EU Political Donations and Expenditure	For	For	97.5	0.9	1.5
20 Amend Articles of Association Re: General Updates and Changes	For	For	82.6	15.9	1.5
21 Amend Articles of Association Re: Hybrid and Contemporaneous General Meetings	For	For	99.7	0.1	0.1
22 Approve the Renewal of Off-Market and On-Market Share Buyback Authorities	For	For	97.9	2.0	0.1
23 Approve the Amendments to the Company's Constitution	Against	Against	8.2	85.3	6.5
24 Approve Emissions Targets	Against	For	35.9	61.3	2.8

Meeting Agenda & Proposals

Item 1. Accept Financial Statements and Statutory Reports — FOR

VOTE RECOMMENDATION

A vote FOR the Company's routine submission of the directors' report and financial statements is warranted as no significant concerns have been identified.

BACKGROUND INFORMATION

Policies: Ordinary Business

Proposal and Analysis

This is the Company's routine submission of the directors' report and financial statements for the year to 31 December 2020.

INTERNAL CONTROL FRAMEWORK	
Does the annual report disclose the existence of a formal internal audit function?	Yes
Have any significant internal control failings or weaknesses been disclosed in the annual report? Internal control failings were identified in relation to operational events at the Juukan Gorge in May 2020, as further discussed under Material Company Updates.	Yes

The auditors' report contained in the annual report states that, in the opinion of the auditors, the Company's financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2020.

DIVIDEND POLICY

As stated in the annual report:

> *"The Board expects total cash returns to shareholders over the longer term to be in a range of 40-60% of underlying earnings in aggregate through the cycle. Acknowledging the cyclical nature of the industry, it is the Board s intention to supplement the ordinary dividend with additional returns to shareholders in periods of strong earnings and cash generation."*

Item 2. Approve Remuneration Policy — FOR

VOTE RECOMMENDATION

A vote FOR this item is considered warranted, as no significant voting concerns have been identified.

Discussion

Shareholder approval is sought for a binding resolution to approve the Company's remuneration policy. This new remuneration policy would be effective starting in 2021 until 2024.

A summary of the key points is set out below. Where applicable, the numbers on the right-hand side correspond to points raised in the separate Analysis section.

EXECUTIVE REMUNERATION COMPONENTS

	Current Policy	*Proposed Policy*	
Salary (positioning)	For the purposes of assessing the appropriate level of remuneration, the Remuneration Committee refers to the FTSE30 (excluding financial services companies) as the initial comparator group. References are also made to other relevant supplementary comparator groups, including a cross-section of comparable international industrial organisations and other international mining companies. Typically the Committee aims to position base salaries at the median of these comparator groups. Benchmarking is undertaken periodically, but not annually, and the intention is to apply judgement in evaluating market data. The Committee will take salary increases in the broader employee population into account in determining any change to the base pay. Base salaries are reviewed annually, with a maximum increase of 9%, or inflation if higher, per annum.	Largely unchanged. Base salaries are reviewed annually, with a maximum individual increase of 5% plus CPI per annum. An individual increase may be higher than this.	
Benefits	In line with market practice. Additional benefits include private healthcare, car allowance and life assurance.	Company car or car allowance to be removed for new appointments. Removed for Jakob Stausholm from 1 January 2021.	
Pension type and level	Maximum Contribution: 25% of salary (For appointments from 1 June 2018).	For new appointees and the incumbent ED (effective from 1 January 2021), superannuation fund, cash in lieu or participation in a pension plan equivalent to 14% of base salary.	1
Target Annual bonus	**Director** / **% of Base salary** All EDs: 120%	**Direcor** / **% of Base salary** All EDs: 100%	3

Max Annual bonus	**Annual bonus Short Term Incentive Plan (STIP)**	**% of Base salary**	Unchanged.		3
	All EDs	200%			
Max LTIP	**Director**	**% of Base salary**		**% of Base salary**	4
	EDs	438%	All EDs	400%	
Exceptional LTIP	N/D				

VARIABLE PAY FEATURES (PROPOSED POLICY)

Annual bonus ("Short Term Incentive Plan (STIP)")		
Plan Participant(s)	All EDs.	
Award Type(s)	Normally 50% of the STIP is delivered in bonus deferred shares (known as a Bonus Deferral Award (BDA)) with the remainder delivered in cash with no deferral.	
Deferral	Shares deferred for three years.	
Financial weighting	At least 50%.	
Threshold	Threshold performance opportunity is nil for the financial component (current policy: 25% of maximum may pay out at threshold).	3
Malus/Clawback	Yes, applies in circumstances such as: • any fraud or misconduct by a participant or an exceptional event which has had, or may have, a material effect on the value or reputation of any member of the Group (excluding an exceptional event or events which have a material adverse effect on global macroeconomic conditions); • an error in the Group's financial statements which requires a material downward restatement or is otherwise material or where information has emerged since the award date which would have affected the size of award granted or vested; • where the Committee determines that the personal performance of a participant, of their product group or of the Group does not justify vesting or where the participant s conduct or performance has been in breach of their employment contract, any laws, rules or codes of conduct applicable to them or the standards reasonably expected of a person in their position; • the performance of the Company, business or undertaking in which a participant worked or works or for which he or she was or is directly or indirectly responsible is found to have been misstated or based upon any material misrepresentation	2

and which resulted in the award being granted and/or vesting over a greater number of shares than would otherwise have been the case;

- where any team, business area, member of the Group or profit centre in which the participant works or worked has been found guilty in connection with any regulatory investigation or has been in breach of any laws, rules or codes of conduct applicable to it or the standards reasonably expected of it.
- where the Committee determines that there has been material damage to the Group's social license to operate (not included within the current policy);
- a catastrophic safety or environmental event or events occurring in any part of the Group.

LTIP ("LTIP - Performance Share Awards (PSA)")		
Plan Participant(s)	Executive Directors.	
Award Type(s)	Performance shares.	
Vesting Period/Schedule	Five years.	
Performance Conditions & Period	Awards vest subject to the achievement of performance conditions, comparing Rio Tinto s TSR relative to the Euromoney Global Mining Index (50%) and to the MSCI World Index (50%). Full vesting is only achieved if Rio Tinto's relative TSR significantly outperforms the TSR of both indices. Relative TSR has been chosen as the current measure of long-term performance as it provides an objective external assessment over a sustained period on a basis that is familiar to shareholders. Performance conditions assessed over five years.	4
Holding Period	None. Awards vest at the end of the performance period, with no further restrictions.	
Threshold Vesting Levels	22.5% of maximum award opportunity can vest at threshold levels of performance.	
Malus/Clawback	See above under Short-Term Incentive Plan.	2

PERFORMANCE CONDITIONS (PROPOSED POLICY) 3

At least 50% of short-term incentives will be based on financial performance. Furthermore, at least 15% of the bonus framework will comprise of an ESG component, which a new introduction to the policy, and a significant component related to safety.

OTHER FEATURES (PROPOSED POLICY)

Service Contracts/Exit Payments

	Notice Period	
Notice Period	**From Company**	**From Director**

	All EDs	12 months	12 months

	In exceptional circumstances, an initial notice period of up to 24 months during the first two years of employment, reducing to up to 12 months thereafter, may be necessary to secure an external appointment. In some circumstances, it may also be appropriate to use fixed-term contracts for Executive Directors.
Potential termination payments	12 months' fixed pay with variable pay pro-rated for time and performance, subject to Remuneration Committee discretion. Any bonus awards If an Executive provides the company notice of their resignation during the performance year, but does not leave the Group until after the end of the performance year, the Committee may determine in its absolute discretion to make an award under the STIP. In these circumstances, the Executive will only be eligible to receive the cash portion of the award and will forfeit the deferred shares portion.
Non-compete agreement	Yes, exists. The length of non-compete clause is not disclosed within the remuneration policy.
Treatment of equity	If there is a change of control, awards will vest to the extent performance conditions are then satisfied. Unless the Committee determines otherwise, if the change of control happens during the first three years from the date of grant of the award, the number of shares that can vest will be reduced pro rata. The Committee may, alternatively, with agreement of an acquiring company, replace a PSA with equivalent new awards over shares in the acquiring company.
Good leavers	**STIP**: If an eligible leaver leaves the Group during a performance year, the Committee may determine in its absolute discretion to award a pro rata portion of the STIP based on the amount of the year served and based on actual assessment of performance against targets. Any cash payment will be made at the normal STIP payment date and no portion of the award will be deferred into shares. If an executive provides the company notice of their resignation during the performance year, but does not leave the Group until after the end of the performance year, the Committee may determine in its absolute discretion to make an award under the STIP. **LTIP**: PSA will normally be retained, and vest on the scheduled vesting date, subject to time pro-rating and the satisfaction of any performance conditions. PSA will be pro-rated over 36 months from the grant date.
Post-Cessation Shareholding Requirement	Executive directors will be required to retain their minimum shareholding (or their holding on termination, if lower) for two years after leaving the Group. 5
Restrictive Covenants	The Policy provides additional flexibility to make payments in respect of expanding or enhancing existing covenants to protect Rio Tinto and its shareholders. The amount of such payment will be determined by the Committee based on the content and duration of the covenant.

OTHER NOTABLE ELEMENTS (PROPOSED POLICY)

Shareholding Requirements	CEO: 400% of base salary;

	Other EDs: 300% of base salary.
Discretion	The Remuneration Committee has the discretion to amend certain aspects of the remuneration policy, for example in relation to the operation of incentive schemes.
Derogations	United Kingdom does not allow any derogations as per Directive (EU) 2017/828
New Joiners:	
General	Policy the same as for existing Executive Directors.
Buyout Awards	Possible. Limited to value of awards at previous employer and performance conditions will be applied on a like for like basis. The Remuneration Committee will obtain an independent external assessment of the value of awards proposed to be bought out and retains discretion, to make such compensation as it deems necessary and appropriate to secure the relevant executive s employment.
Extra Awards	None specified.

REMUNERATION AS BOARD MEMBERS

	Current Policy (applied)	*Proposed Policy*
Fee Policy	Disclosed in the remuneration report. NEDs receive a base fee with additional fees paid for further Board responsibilities such as committee membership or committee chair positions or taking on the senior independent director role.	

Analysis

The primary changes in the new policy relate to pension contribution rates, malus and clawback provisions, and certain mechanical elements of the variable pay structures. These are discussed in more detail below.

❶ **Pension:** Pension allowances, which are typically delivered in cash as a salary supplement, have received increased focus since the introduction of the 2018 UK Corporate Governance Code. The Code recommends that contribution rates should be aligned with those offered to the wider workforce, and UK investors clearly expect the contribution rates of incumbent directors to be brought down over time.

With effect from 1 January 2021, the pension contribution rate will be lowered from a maximum of 25% of salary to 14% of salary. This level is stated to be the approximate weighted average contribution rate for UK and Australia-based employees. All members of the Executive Committee will be aligned to this level from 2021, except for the Chief Operating Officer (a below-Board position), who will retain the previous contribution level until his retirement in 2022.

The pension contribution rate of 14% appears somewhat high in comparison with the rates typically provided to broad employee populations. BHP Group, the Company's most directly comparable peer, being dual-listed in both London and Sydney as is Rio Tinto, provides its CEO a pension contribution equivalent to 10% of salary.

Upon engagement, the Company clarified that the weighted average rate for Australian employees is 14% of salary.

❷ **Malus and Clawback Provisions**: The malus and clawback provisions have again been augmented with a clause that states that they may apply in the event that the Remuneration Committee determines that there has been material damage to the Group's social licence to operate. The Committee had previously strengthened these provisions in the 2018 version of the policy which was in force during the period in review.

The timing of this change is of interest, following the destruction of the Juukan Gorge. This change is noted positively.

❸ **Bonus:** A number of changes are being made to the operation of the bonus framework. Specifically:

- The threshold payout level will decrease from 25% of maximum opportunity, to nil for the financial component of the bonus framework;
- The target opportunity has reduced from 120% of salary to 100% of salary (50% of maximum) as the 1.2x multiplier is now removed;
- Effective 2021 award cycle, half of the individual performance metric will comprise an ESG-related element, with a weighting of 15%. This element would represent a bundle of targets related to climate change initiatives, diversity and inclusion, and governance of the cultural heritage management and other risk-related areas.

ESG-related targets have been incorporated into the 2021 bonus framework. These will be reviewed under the remit of the remuneration report but would appear appropriate in light of the Juukan controversy.

❹ **LTIP:** The maximum award size has reduced from 438% of salary to 400% of salary, excluding any dividends. This slightly reduces the threshold payout opportunity to 90% of salary.

Furthermore, some flexibility is being incorporated into policy language to allow the Remuneration Committee to introduce performance measures other than related TSR. For FY2021, however, relative TSR against MSCI World Index and the EMIX Global Mining Index will continue to operate as the sole performance condition.

❺ **Post-Cessation Shareholding Guideline**: In line with UK market practice, a post-employment shareholding guideline is being introduced, such that a departing ED will need to maintain the lower of the shareholding guideline or their current shareholding for a period of two years post-cessation.

Item 3. Approve Remuneration Report for UK Law Purposes

AGAINST

VOTE RECOMMENDATION

A vote AGAINST this item is considered warranted.

The Company has allowed the former CEO to retain a significant proportion of his outstanding LTIP awards, subject to pro-rating for time and performance. The failures in risk oversight and governance at the Juukan site clearly constitute a "catastrophic environment event" which has "had a material effect on the reputation" of Rio Tinto, as defined in the malus and clawback provisions of the 2018 remuneration policy. In this light, it is unclear why these provisions have not been more comprehensively applied.

BACKGROUND INFORMATION

Policies: Compensation

Discussion

Shareholder approval is sought for an advisory resolution to approve the company's remuneration report regarding financial year 2020.

A summary of the key points is set out below. Where applicable, the numbers on the right-hand side correspond to points raised in the separate Analysis section.

REMUNERATION REPORT - VOTE FEATURES

Item	Feature
Vote	Advisory
Majority requirement	Simple majority of votes cast excluding "abstain votes"
Last vote (report)	91.3%
Support to underlying remuneration policy	Support was warranted in the absence of any significant concerns.
Last vote (policy)	92.7% (2018 AGM)

Components of Pay Table

COMPONENTS OF PAY

GBP *in thousands*	Lead Executive				Lead Executive Peer Median
	Jacques, Jean-Sebastien		Jacques, Jean-Sebastien	Jacques, Jean-Sebastien	
	2020	**Change**	**2019**	**2018**	**2020**
Base salary	1,158	+2.2%	1,133	1,105	1,140
Perquisites	51	-28.2%	71	61	30
Pension	287	+2.5%	280	274	236
All other compensation	-		-	0	38
Cash Bonus	0	-100.0%	850	778	506
Deferred Bonus	0	-100.0%	851	778	644
Total short-term incentives	0	-100.0%	1,701	1,556	598
Non-equity incentives	-		-	-	0
Restricted stock	5,728	+103.6%	2,814	1,548	1,901
Options	-		-	-	0
Total long-term incentives	5,728	+103.6%	2,814	1,548	1,094
Total	**7,224**	**+20.4%**	**5,999**	**4,544**	**2,964**
% of Net Income	0.10%		0.10%	0.04%	
% of Revenue	0.02%		0.02%	0.01%	

Lead executive pay package

NON-PERFORMANCE BASED PAY

Item	
Salary Levels	see table below

Executive	2019	% change	2020	% change	2021
Jakob Stausholm (CEO)[1]	GBP 775,000	+2.1%	GBP 791,000	+45.4%[2]	GBP 1,150,000
Jean-Sebastien Jacques (Former CEO)[3]	GBP 1,138,000	+2.1%	GBP 1,162,000	N/A	N/A

* Salaries are reviewed with effect from 1 March.
1. The former CFO Jakob Stausholm was appointed as the Chief Executive effective 1 January 2021. His salary as CEO was set at GBP 1,150,000 upon appointment.
2. Jean-Sebastien Jacques stepped down as CEO with effect on 1 January 2021.

Key perquisites — Jean-Sebastien Jacques (CEO)

Healthcare, allowance for professional tax compliance services, car and fuel allowances: GBP 51,000
Jakob Stausholm (CFO)
healthcare, allowance for professional tax compliance services, car and fuel allowances: GBP 83,000

Pension

Executive	FY under review	% of Salary	Pension Type
Jakob Stausholm (CEO and former CFO)[1]	GBP 174,000	22.1%	Defined contribution and cash in lieu
Jean-Sebastien Jacques (Former CEO)	GBP 287,000	24.8%	

1. Effective 1 January 2021, from appointment to Chief Executive the pension provision is now set at 14% of base salary.

Other compensation N/D

SHORT-TERM INCENTIVES ❶❸

Operation: In considering financial performance against the annual plan, half is measured against the original plan; the other half is flexed to exclude the impact of fluctuations in exchange rates, and quoted metal and other prices during the year, which are considered to be outside management s control.

Performance targets

FY2020

STIP measures and weightings used are weighted 50% for financial, 30% for individual and 20% for safety measures. The individual targets include objectives relating to safety, people, cash, partnership, growth and climate change. The Group financial targets relate to underlying earnings and STIP free cash flow.

FY2021

The STIP measures and weightings for executives will be 50% for financial, 20% safety (both unchanged from 2020), 15% for ESG and 15% for individual targets. Some ESG-related aspects were previously embedded within the 30%-weighted individual component. From 2021 onwards, this has been split into a standalone ESG component of 15% and a reduced individual component of 15%. The individual component will continue to reflect key objectives set across the Company's strategic pillars, which for the Chief Executive will include objectives related to evolving the organisational culture.

The 2021 ESG metrics will be as follows:

Group STIP Metrics		Target	Outstanding	Weighting out of 100%
Environmental	Approve 0.22Mt CO_2e of abatement projects	0.22Mt CO_2e	0.37Mt CO_2e	2.5%
	Delivery of goals to progress scope 3 partnership strategy	3 out of 4	4 out of 4	2.5
Social	Percentage point increase of women in the overall workforce against 2020 baseline	2%	3%	5%

❸

Governance	Support delivery of Group Communities and Social Performance improvements and cultural awareness training	(GIA review)*	(GIA review)*	2.5%
	Improved assurance and risk management processes	(GIA review)*	(GIA review)*	2.5%

*Group Internal Audit (GIA) will perform an end of year certification of performance for each objective against a detailed baseline plan set out in the Trusted Partnership Program (TPP). The TPP was established in response to the Board Review which identified six priorities which have been mapped to a number of topic areas across three groupings: The Iron Ore product group, Australia and Group. Within each topic area there are multiple workstreams that cover the specific requirements contained in the Board Review and other activities identified through the engagement to date, each with an accountable lead. Progress is reported to the Board Sustainability Committee on a regular basis. The TPP is a multi-year effort requiring substantive change and focus at all levels of the Group and across multiple dimensions.

The financial and individual targets that have been set for 2021 are considered by the Board to be commercially sensitive. As such, the specific targets for these measures, and the performance against them, are expected to be described retrospectively in the 2021 Implementation Report. The Group financial targets relate to underlying earnings and free cash flow.

Payout

	STI opportunity		**Actual payout**		
Executive	**Target**	**Maximum**	**Amount**	**In % of base salary**	**% of max.**
Jean-Sebastien Jacques (CEO)[1]	120% of Base salary	200% of Base salary	GBP 0	0%	0%
Jakob Stausholm (CFO)	100% of Base salary	200% of Base salary	GBP 1,129,000	143.1%	71.3%

1. Following the Board Review of the destruction of the Juukan Gorge rock shelters in May 2020, the Remuneration Committee and Board exercised discretion and cancelled any payout due under the 2020 STIP for Jean-Sebastien Jacques.

All Executive Directors, Performance conditions

Metric	**Weight (%)**	**Threshold**	**Target**	**Maximum**	**Actual**	**Payout as % of max.**
STIP free cash flow (flexed)	12.5%	USD 9.7 billion	USD 12.6 billion	USD 16.5 billion	13.4 billion	59%
STIP free cash flow (unflexed)	12.5%	USD 5.5 billion	USD 7.8 billion	USD 10.8 billion	13.4 billion	100%
Underlying earnings (flexed)	12.5%	USD 10.6 billion	USD 12.7 billion	USD 15.7 billion	12.4 billion	47%
Underlying earnings (unflexed)	12.5%	USD 6.6 billion	USD 8.2 billion	USD 10.2 billion	12.4 billion	100%

Total group financial	50%		77%
Group Safety	20%	See details below	74%
Individual objective - Cash	30%	See details below	CEO: 0% CFO: 30%
TOTAL	100%		**CEO: 0%** **CFO: 71.3%**

Financial adjustments

The Remuneration Committee did not apply, but considered a financial adjustment during the year for the following reasons:

"As in prior years the Committee considered whether any adjustments were warranted to ensure the outcome was a fair reflection of underlying performance. The [Remuneration] Committee noted the COVID-19 related expenditure incurred in ensuring our operations continued to run safely which reduced the Group result by 2% but determined not to make any related adjustments, recognising the broader impact of the pandemic on the Group's operating and financial performance in the year.

In accordance with our adjustment principles, the [Remuneration] Committee considered the write-down of deferred tax assets in the Alcan Australia tax group which was recognised by the Aluminium product group in the year. The write-down results from a review in the year of the long-term prospects for recovery of these deferred tax assets and did not result from operating performance or market conditions in 2020. An adjustment was therefore proposed to neutralise the impact of this write down on 2020 STIP outcomes.

The [Remuneration] Committee determined that the adjustment was warranted but should only be applied to the Aluminium product group result, with no impact on the Group results. Consequently, the Group's financial results for the year remained at an unadjusted 77% of maximum."

Group safety measures

Performance Measures	Weighting	Threshold	Target	Max	Actual	Payout as a % of Max
Binary fatality	8%	N/A	Zero fatalities	N/A	Zero fatalities	100%
All injury frequency rate (AIFR)	4%	0.42	0.37	0.31	0.37	50%
Safety maturity model (SMM)[1]	8%	4.3	5.2	6.2	5.4	60%
Total group safety	**20%**					**74%**

1. The 2019 end of year SMM scores served as baseline (threshold) for each individual asset for the 2020 assessments. The average baseline score across the Group from the 2019 assessments was 4.5. In H1 2020 seven additional assets were added to the programme. The baseline scores for these added assets was determined in assessments completed at that time. The combined average of the baseline scores (threshold) for all sites (including the seven additional sites) in 2020 was then adjusted to 4.3.

The Group aspiration of improving by 1 point above the prior year assessment scores was realised in 2020, with a Group average outcome across all individual assets of 5.4. The Group STIP percentage for SMM is calculated based on the average of the SMM STIP percentage outcomes for each individual asset.

Individual Objectives

Jean-Sebastien Jacques

Category	Outcome	Payout as a % of Max
Safety	• Outstanding leadership and management response to COVID-19, prioritising the health and safety of employees, contractors and local communities while maintaining	0% (Malus adjustment

	operations at all managed facilities. • Led the executive leadership team in delivering the second successive fatality free year in the Group's 148-year history.	applied)
People	• Employee engagement continued to improve, achieving a positive eNPS for the second successive year. • Improvement in female participation amongst senior management roles, but further work required on gender diversity across the workforce.	
Cash	• Profitability at record levels with 51% underlying EBITDA margin and 27% ROCE, delivering a strong balance sheet and underpinning the Group's resilience in response to COVID-19. • TSR of 34%, including a record annual average share price.	
Partnership	• Advancement of the sustainability agenda, including the development of the 2030 and 2050 climate change targets. • Partnership renewed with Tsinghua University and new partnerships confirmed with AB InBev, Paul Wurth and Nippon Steel. Further progress on climate change partnership with Baowu. Completion of the ELYSIS pilot plant in the Saguenay. • Agreements finalised with local communities in Canada, including the Cheslatta in British Colombia and Innu communities in Quebec and Labrador City. • Successful utilisation of commercial blockchain and development of portside trading and blending initiatives in China. • The relationship with Turquoise Hill Resources and the Government of Mongolia continued to be challenging.	
Growth	• Advancement of the Simandou strategy. • Delivering the Definitive Estimate for Oyu Tolgoi within the previously disclosed range of possible outcomes. • Declaration of the Jadar maiden ore reserve.	

Jakob Stausholm

Category	**Outcome**	**Payout as a % of Max**
Safety	• Member of the executive leadership team which delivered the second successive fatality free year in the Group's 148-year history. • Contributed to strong management response to COVID-19 challenges across the Group.	
People	• Contributed to the continued improvement in employee engagement. • Year-on-year improvement in succession planning and leadership development across the Finance function. • Progress made towards gender and diversity targets, but further improvement needed.	
Cash	• Against a backdrop of unprecedented market and economic volatility, continued to deliver a strong balance sheet and improved net debt position. • Strong focus on liquidity risk management against uncertain market backdrop. • Solid management of working capital and increased collaboration with commercial teams. • TSR of 34%, including a record annual average share price.	60%
Partnership	• Active development of relationships with investors, particularly following the Juukan Gorge tragedy. • Ongoing engagement with ratings agencies and key stakeholders. • Commenced engagement with civil society stakeholders.	

Growth	• Further progress made on the growth pipeline, with a focus on Tier 1 potential projects. • Active and disciplined approach to capital allocation decisions.

Additional information

Item	**Feature**
Delivery method	50% Cash and 50% deferred shares
Deferral	Yes, deferred awards will vest in 2023.
Discretion	Yes, downwards (malus application to Jacques Jean-Sebastien's bonus award).

LONG-TERM INCENTIVES

Plan #1 — **LTIP - Performance Share Awards (PSA)**

Award level

Executive	**Exceptional Maximum Award**	**Normal Maximum Award**
Jacques Jean-Sebastien	N/D	430%
Jakob Stausholm	N/D	410%

Awards granted

Executive	**Award type**	**Grant date**	**Opportunity at grant**	**Vesting (in months)**
Jacques Jean-Sebastien	Performance Shares	FY2020	430%	60
Jakob Stausholm	Performance Shares	FY2020	410%	60
		FY2021	400%	

Performance metrics granted awards (2020-2025)

All Executive Directors, Performance conditions

Metric	**Weight (%)**	**Requirement**	**Vesting**	**Peer group**
Relative TSR	50	Equal to index	22.5% vesting	MSCI World Index
		Outperformance of the index by 6% per annum	100% vesting	
	50	Equal to index	22.5% vesting	EMIX Global Mining Index
		Outperformance of the index by 6% per annum	100% vesting	

Performance Metrics- ensuing year's grants (2021-2026)

All Executive Directors, Performance conditions

Metric	**Weight (%)**	**Requirement**	**Vesting**	**Peer group**
Relative TSR	50	Equal to index	22.5% vesting	MSCI World Index
		Outperformance of the index by 6% per annum	100% vesting	

		Equal to index	22.5% vesting	
	50	Outperformance of the index by 6% per annum	100% vesting	EMIX Global Mining Index

Discretion (granted)	None.
Post-vesting holding requirements	None. Awards vest at the end of the five-year performance period, with no further restrictions.

Awards vested

Executive	Award Type	Grant date	Opportunity at grant	Vesting date	Vested awards	Estimated value at vesting (GBP '000)
Jean-Sebastien Jacques	Performance Based	March 2016 & September 2016	400% of salary	2020-05-31	136,255	6,728,000*

Malus

Following the Board Review of the destruction of the Juukan Gorge rock shelters in May 2020, the Remuneration Committee and Board exercised discretion and applied malus adjustment of GBP 1 million to the vesting of the 2016 LTIP for Jean-S bastien Jacques. Therefore, the figure received after discretion was GBP 5,728,000.

Performance metrics vested awards (2016-2021)

Jean-Sebastien Jacques, Performance conditions

Metric	Weight (%)	Requirement	Vesting	Peer group	Outcome	Total Vesting
Relative TSR	33.3%	Equal to index	22.5% vesting	MSCI World Index	**9.7% per annum** **Vesting: 100%**	**66.67%**
		Outperformance of the index by 6% per annum	100% vesting			
	33.3%	Equal to index	22.5% vesting	EMIX Global Mining Index	**6.6% per annum** **Vesting: 100%**	
Relative EBIT Margin	33.3%	Above 6th	22.5% vesting	Undisclosed group of 11 mining companies	**Approximately 6th** **Vesting: 0%**	
		Equal to or better than 2nd	100% vesting			

Discretion (vested)	Yes, downward discretion of GBP 1 million for Jean-Sebastien Jacques.
Post-vesting holding requirements	None. Awards vest at the end of the five-year performance period, with no further restrictions.

DILUTION

Dilution limits	10% in 10 years for all schemes, 5% in 10 years for discretionary schemes. Current dilution: 0.5%

SHAREHOLDINGS

Shareholding requirement

Director	% of basic salary
CEO	400%
Other EDs	300%

Level of executive shareholdings

Director	% of basic salary*
Jean-Sebastien Jacques (Former CEO)	820%
Jakob Stausholm (CEO)[1]	270%

*As at 31 December 2020.

1. Following his appointment as Chief Executive on 1 January 2021, Jakob Stausholm's shareholding requirement will increase from 3x to 4x base salary which he will be expected to meet by 31 December 2024.

ONE-OFF AWARDS

None granted during the year.

SINGLE TOTAL FIGURE

As disclosed by company

Director	FY2019	FY2020	% change
Jean-Sebastien Jacques[1]	GBP 5,999,000	GBP 7,224,000	+20.4%
Jakob Stausholm[2]	GBP 1,882,000	GBP 2,175,000	+15.6%

1. Notwithstanding the malus adjustment applied to his 2016 LTIP vested award, which entails a GBP 1 million reduction, his 2020 single total figure of remuneration is higher than 2019 due to the significant share price appreciation since grant of the 2016 LTIP.
2. The main reason for the increase in remuneration is a higher STIP payout than in FY2019.

CEO PAY RATIO

Disclosed Pay Ratio	1:81
Employee Pay Disclosure base	Median
Computation Methodology	The ratio is primarily driven by the percentage of total remuneration that is performance related and reflects the increased LTIP vesting outcomes for 2020 compared to 2019. This further demonstrates the alignment to the shareholder experience as measured by total shareholder return. As the Group has less than 250 UK-based employees, this is voluntary disclosure.

EXIT PAYMENTS ❶

Jean-Sebastien Jacques stepped down from his role as an Executive Director and Chief Executive on 1 January 2021. He will remain on garden leave until 31 March 2021 and receive his base salary and contractual benefits including benefits-in-kind and pension (contributions or cash allowance in lieu) up to his termination date. He is eligible to receive the following payments:

- GBP 519,000 in lieu of his remaining unworked notice of approximately five months which will be paid in monthly instalments and remain subject to mitigation;
- GBP 215,000 for statutory accrued and unused annual and long service leave in line with relevant legislation and policy;
- Outstanding LTIP awards will be treated in accordance with eligible leaver provisions of each plan and in accordance with our Policy, with pro-rating for service where applicable, up to 31 March 2021. All LTIP awards will vest on their normal vesting dates with the PSAs remaining subject to achievement of applicable performance conditions. Under the terms of his settlement agreement, Jean-S bastien Jacques must comply with a two-year post-employment holding requirement.
- As noted above, a malus provision has been applied to his 2020 LTIP vesting outcome of a GBP 1 million reduction. In addition, his 2020 STIP award was reduced to nil.

Non-Board Directors

Chris Salisbury, Chief Executive of Iron Ore, and **Simone Niven**, Group Executive of Corporate Relations, stepped down from the Executive Board and both ceased employment on 31 December 2020. Their departures were determined following the assessment of the impact of the Juukan Gorge destruction. The following changes are stipulated for their remuneration:

- They both received their base salary and benefits until his departure date;
- As part of the Juukan Gorge malus adjustment, their respective 2020 bonus awards were forfeited;
- They received contractual payments in lieu of their remaining unworked notice of approximately eight months;
- Chris Salisbury also received payment of AUD 1,687,000 for statutory accrued and unused annual and long service leave in line with Australian legislation and policy, and Simone Niven received a further severance payment of GBP 448,000 based on her 12 years of service, "consistent with [the Company's] severance practices in the UK";
- Simone Niven will also receive a payment of GBP 49,000 for statutory accrued and unused annual leave in line with UK.
- Both are considered good leavers, and their outstanding LTIP awards will vest on a pro-rata basis up to 31 December 2020.
- Outstanding LTIP awards will be treated in accordance with eligible leaver provisions of each plan and in accordance with our Policy, with pro-rating where applicable, up to 31 December 2020. All LTIP awards will vest on their normal vesting dates with PSA remaining subject to achievement of any applicable performance conditions.

NEW JOINER(S)

Jakob Stausholm was appointed as the Chief Executive effective 1 January 2021. The annual report states:

"The remuneration package offered to the new Chief Executive has been aligned with the new Policy and is comprised of the following elements:

- A base salary of GBP 1,150,000. The next salary review will be in March 2022.
- Target STIP opportunity of 100% of base salary (with a maximum opportunity of 200% of base salary).
- LTIP award of up to 400% of base salary.
- A reduced company pension contribution of 14% of base salary.

- Other benefits include company provided health-care coverage, and continued eligibility to participate in the all-employee share plans.
- A minimum shareholding requirement of 400% of base salary (including a two-year post-employment holding requirement) applies."

ADVISERS

Remuneration consultants	Deloitte was paid USD 268,394 for FY2020 (FY2019: Willis Towers Watson and Deloitte were paid USD 160,131 and USD 53,164 respectively for FY2019).

NON-EXECUTIVE PAY

Fee level 2

Position	FY2020 & FY2021
Board Chair (all-inclusive)	GBP 730,000
NED base fees	GBP 95,000
NED base fees (Australian residents)	GBP 105,000
SID	GBP 45,000
Additional Fees	**FY2020 & FY2021**
Audit Committee Chair	GBP 40,000
Audit Committee Member	GBP 25,000
Remuneration Committee Chair	GBP 35,000
Remuneration Committee Member	GBP 20,000
Sustainability Committee Chair	GBP 35,000
Sustainability Committee Member	GBP 20,000
Meeting Allowances	GBP 7,500
Long distance (flights over 10 hours per journey)	GBP 10,000
Medium distance (flights of 5-10 hours per journey)	GBP 5,000

Analysis

Pay-For-Performance concern level is low.

All remuneration-related vote recommendations are based on a holistic review considering any relevant qualitative and quantitative factors.

ISS' quantitative pay-for-performance model ("P4P") suggests that pay outcomes have been generally aligned to performance and/or peers (see Remuneration Profile earlier in this report).

In this case, however, the Company's remuneration practices are not in line with market standards as explained hereafter.

The main concern for shareholders is the treatment of outstanding awards for the CEO and other former senior executives. This is discussed in more detail below.

1 **Juukan Gorge Incident & Outstanding LTIP Awards:** Following the publication of the Board's internal review on the Juukan Gorge incident, the Company determined that Jean-Sebastien Jacques (CEO), Chris

Salisbury (Chief Executive of Iron Ore), and Simone Niven (Group Executive of Corporate Relations) should resign by mutual agreement. A malus provision was applied to Jean-Sebastien Jacques' 2020 LTIP vesting outcome, reducing the value of the vesting share award by GBP 1 million. Further, their 2020 bonus awards were forfeited. All three Executive Committee members have been classified as good leavers. In determining the financial penalties, the Company states that it was mindful that leadership did not "deliberately cause the events to happen, they did not do anything unlawful, nor did they engage in fraudulent or dishonest behaviour or willfully neglect their duties".

In response to a draft copy of this report, the Company stated that a "good leaver" status was considered most appropriate for former CEO, as the Board was not in a position to terminate his employment for cause, which would have been necessary to categorise him as a bad leaver. The Board considered a number of factors to determine his good leaver status, including but not limited to the fact that there was no deliberate act or omission to act by the executives, nor any fraud or compliance failure.

ISS does not dispute the treatment of the former executives as good leavers, which is typical when executives are terminated by mutual agreement. However, there is a strong case for a more robust application of the malus provisions available to the Committee. The Company enhanced its malus and clawback provisions in 2018. Specifically, ISS draws attention to two of the provisions which would appear to be in play in this case:

- *"any fraud or misconduct by a participant or an exceptional event which has had, or may have, a material effect on the value or reputation of any member of the Group (excluding an exceptional event or events which have a material adverse effect on global macroeconomic conditions; [ ]*
- *a catastrophic safety or environmental event or events occurring in any part of the Rio Tinto Group."*

This would cover all LTIP awards since 2018. However, Rio Tinto's LTIP awards are subject to a 5-year performance period, and as such it is worth considering the provisions in place prior to any grants made prior to 2018.

On this point, the Company clarified during engagement that the 2016 LTIP award (which vested in 2021) was subject to the previous 2013 plan rules. Under the 2013 rules, any malus for material impact on reputation needed to be caused by gross misconduct, which the Company did not determine to be the case.

An approximate estimate of all outstanding performance shares that Jean-Sebastien Jacques holds is c. GBP 27 million, based on the following assumptions: a share price of GBP 55 as at the date of drafting of this report, and an estimated vesting outcome of c. 60% of awards vest (an average of the vesting outcomes in the past five years). This figure accounts for the GBP 1 million in malus that has been deducted from the face value of awards that vested in December 2020.

It must be acknowledged that, despite the Board's initial efforts to disquiet stakeholder unrest with only a cut to the former CEO's variable pay outturns, that he has ultimately been forced out of his job. He has therefore been subject to significant financial penalties in the wake of Juukan, having forfeited his 2020 bonus, lost GBP 1 million in value in relation to the LTIP vesting in 2020, and of course having ultimately vacated his post despite good company performance under his leadership.

Nonetheless, he walks away with a large proportion of his LTIP intact, and there is no disputing that the destruction of Juukan categorically qualifies as a "catastrophic environmental event", as defined in the 2018 malus/clawback policy. It follows, then, that the decision not to apply the full weight of the malus provision is a controversial one, and some shareholders may decide that the actions taken by the Remuneration Committee do not sufficiently reflect the gravity of the failures at Juukan. While ISS accepts that the 2013 scheme rules may have been inadequate for these purposes where it concerns awards made prior to 2018, the 2018 policy provides ample discretion to the Committee to further reduce awards. The awards granted from 2018 onwards represent approximately one-third of the total value of all subsisting outstanding awards.

In light of the above, a vote AGAINST the remuneration report is considered warranted.

❷ **NED Fees:** NED Michael L'Estrange's FY2020 fees increased by 46% year on year, to GBP 208,000. The additional fees were compensation for his role in leading the internal Board review surrounding the events at Juukan Gorge. The fee may rankle some shareholders given that the report was widely criticised, and initially led the Board to conclude that a reduced bonus would be a sufficient penalty, a position that it later revised.

❸ **Bonus Framework**: As noted in previous ISS research, certain of the individual performance conditions within the bonus framework appear to reward day-to-day activities. The complexity of the structure has also been raised, though this has been addressed in part by the removal of the 1.2x multiplier from the framework under the new policy.

Going forward, ESG-related targets will comprise 15% of the bonus framework and will reduce the weighting of individual targets from 30% to 15%. ESG targets for 2021 have been disclosed ahead of the ensuing financial year, and comprise measurable targets related to emissions and abatement projects, female representation in the workforce, and assurance and risk management and cultural awareness training.

As a note on bonus outcomes, it is highlighted that Jakob Stausholm, in his capacity as CFO, earned a bonus award of c. 143% of his salary. While he did not have direct involvement in the Jukaan Gorge destruction, it may be questioned as to whether the bonus award can be considered appropriate for FY2020.

❹ **Former CEO Sam Walsh's Deferred Bonus Released:** As covered in previous ISS reports (see 2017 AGM), a deed of deferral was entered into with former CEO Sam Walsh in connection with the investigations concerning the Simandou project. This deferral arrangement covered his 2016 STIP award and all remaining unvested LTIP awards at the time of his departure in 2016.

He was due to receive an initial instalment of the deferred remuneration on 31 December 2018, however the Company had wished to further defer these amounts until such time as the regulatory investigations concluded. Although it had been envisaged at the time the deferral agreement was made that the investigation would be concluded by this time, it currently remains ongoing.

Following an independent confidential and binding dispute resolution process, a determination was made that the first-stage deferral, which would have been payable on 31 December 2018 together with associated dividends and interest, should be paid to Sam Walsh. As such, an amount of AUD 7,304,309, less statutory deductions, was paid to him on 13 March 2020.

In light of the decision taken under the binding dispute resolution, combined with no further material information having emerged, the Board concluded that Sam Walsh should receive the second-stage deferral, payable on 31 December 2020 together with associated dividends and interest. Accordingly, he received payment of a further AUD 17,574,205, less statutory deductions, on 31 December 2020.

A final disclosure with respect to the third-stage deferral will be made in the 2021 annual report.

Item 4. Approve Remuneration Report for Australian Law Purposes — AGAINST

VOTE RECOMMENDATION

A vote AGAINST this item is considered warranted.

The Company has allowed the former CEO to retain a significant proportion of his outstanding LTIP awards, subject to pro-rating for time and performance. The failures in risk oversight and governance at the Juukan site clearly constitute a "catastrophic environment event" which has "had a material effect on the reputation" of Rio Tinto, as defined in the malus and clawback provisions of the 2018 remuneration policy. In this light, it is unclear why these provisions have not been more comprehensively applied.

BACKGROUND INFORMATION

Policies: Compensation

Discussion

Shareholder approval is sought for an advisory resolution to approve the company's remuneration report regarding financial year 2020.

A summary of the key points is set out below. Where applicable, the numbers on the right-hand side correspond to points raised in the separate Analysis section.

REMUNERATION REPORT - VOTE FEATURES

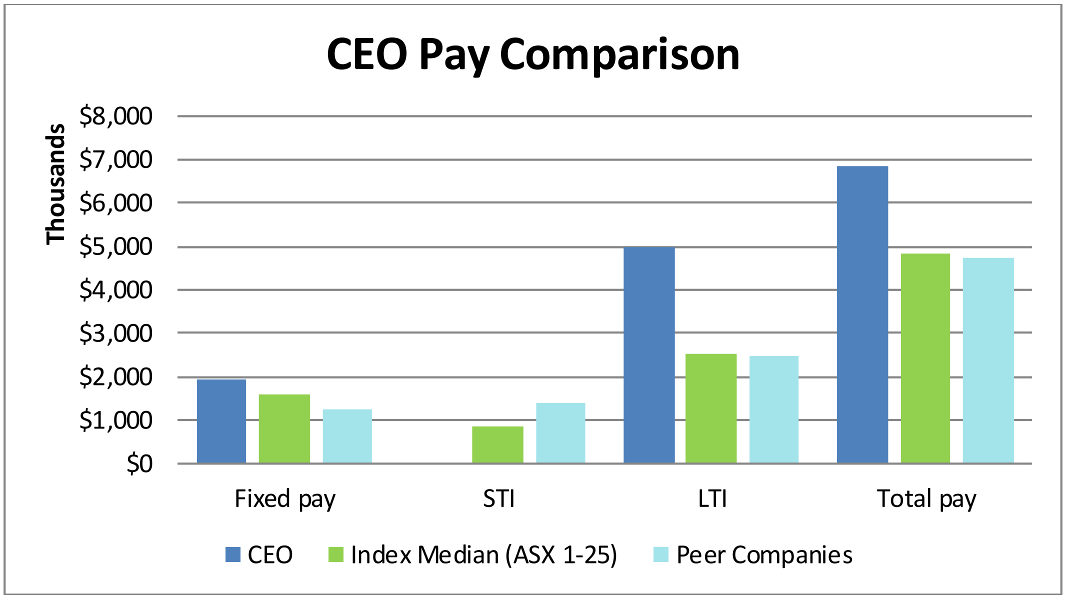
Item	Feature
Vote	Advisory
Majority requirement	Simple majority of votes cast excluding "abstain votes"
Last vote (report)	91.3%
Support to underlying remuneration policy	No significant concerns were identified.
Last vote (policy)	92.7% (2018 AGM)

Proposal

Shareholder approval is sought for a non-binding resolution to approve the Company's remuneration report for the purposes of satisfying the Company's obligations under Australian law. This resolution covers all of the remuneration disclosures in the annual report, i.e. both the remuneration policy (which for UK law purposes is proposed separately for approval under Item 2) and the remuneration report (which for UK law purposes was proposed separately for approval under Item 3).

Please refer to Item 3 for details on the Company's remuneration practices for the year under review.

This proposal concerns the company's submission of its remuneration report. The Australian Corporations Act requires listed companies to include an audited remuneration report in the annual report, and to put their remuneration report to a shareholder vote at the AGM. The vote on this resolution is advisory only and not binding on the board.



Note: This table is provided in USD.

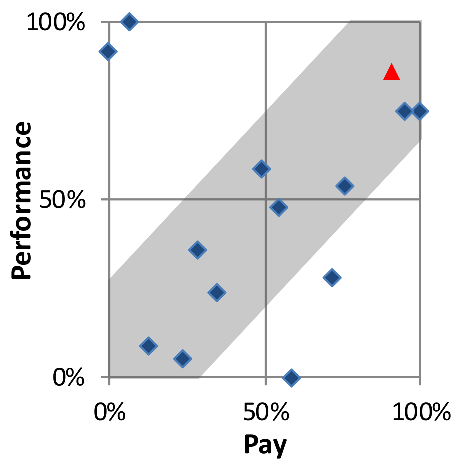
COMPONENTS OF PAY

USD *in thousands*	Lead Executive				Lead Executive Peer Median
	Jean-Sebastien Jacques		Jean-Sebastien Jacques	Jean-Sebastien Jacques	
	2020	**Change**	**2019**	**2018**	**2020**
Base salary	**1,487**	**2.8**	**1,447**	**1,476**	**1,212**
Non-monetary benefits	40		0	0	3
Superannuation	22	-18.5	27	36	14
Retirement accrual	0		0	0	0
Expat benefits	0		0	0	0
Other benefits	366	-11.6	414	412	0
Sign-on payment	0		0	0	0
Total All Other Payments	**428**	**-2.9**	**441**	**448**	**29**
Total Fixed Pay	**1,915**	**1.4**	**1,888**	**1,924**	**1,243**
Cash Bonus	0		1,118	989	613
Deferred Cash Bonus	0		0	0	0
Deferred Share Bonus	0		1,118	989	698
One-Time STI	0		0	0	0
Total Short-Term Incentives	**0**		**2,236**	**1,978**	**1,403**
Stock Awards	4,960	-27.5	6,845	8,749	2,465
Option Awards	0		0	0	0
Total Long-Term Incentives	**4,960**	**-27.5**	**6,845**	**8,749**	**2,465**
Total	**6,875**	**-37.3**	**10,969**	**12,651**	**4,752**

Figures above refer to ISS' pay definition and may significantly differ from issuer-reported figures. Please refer to the ISS policy documents and FAQs for more details.

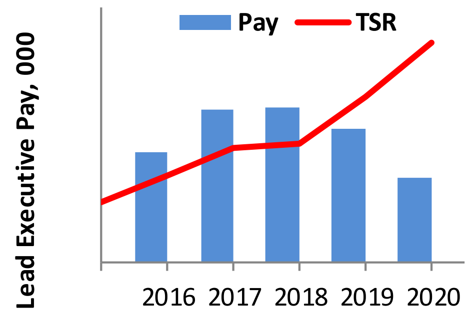
RELATIVE ALIGNMENT

The chart plots percentiles of the annualized 3-year performance and pay rankings for the company (▲) and ISS' derived peers (◆). The gray bar indicates pay and performance alignment.



ABSOLUTE ALIGNMENT

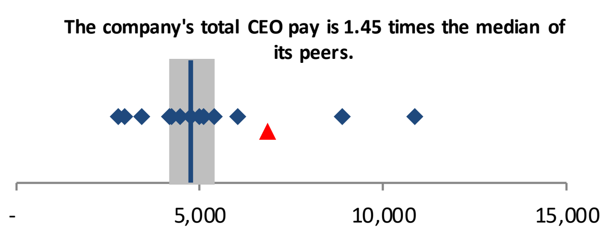
CEO granted pay trends versus value of a $100 investment made on the first day of the five-year period.



	2016	2017	2018	2019	2020
Pay($000)	8,959	12,506	12,651	10,969	6,875
Indexed TSR	145.67	189.40	195.55	275.25	365.05
CEO	Jacques	Jacques	Jacques	Jacques	Jacques

PAY MAGNITUDE

Pay in $thousands. The gray band represents 25th to 75th percentile of CEO pay of ISS' selected peer group, and the blue line represents the 50th percentile.



PAY-FOR-PERFORMANCE QUANTITATIVE SCREEN

Measure	Result	Concern
Relative degree of alignment	-4.66	Low
Multiple of peer group median	1.45	Low
Absolute alignment	30.26	Low
Initial Quantitative Screen	Low Concern	

P4P Run # 202103240139

For more information on ISS' quantitative pay-for-performance measures, visit https://www.issgovernance.com/policy-gateway/2017-policy-information/

EVA PERFORMANCE

The below EVA performance information is provided for informational purposes. It does not affect the pay-for-performance quantitative screens.

Measure	Quartile Ranking vs. Peers
Pay	
EVA Performance	
Result -12.64	

Result equals EVA performance rank minus CEO pay rank. A negative result indicates that the CEO pay rank is greater than the EVA performance rank.

Metrics	Long-Term Performance	Quartile Ranking vs. Peers
EVA Margin	12.42	
EVA Spread	7.67	
EVA Momentum (Sales)	3.01	
EVA Momentum (Capital)	1.71	

EVA Metrics are calculated by ISS EVA, and are based on audited financial data reported in public filings. For more information on the EVA methodology and metrics, visit https://www.issgovernance.com/solutions/iss-analytics/iss-eva-resource-center/

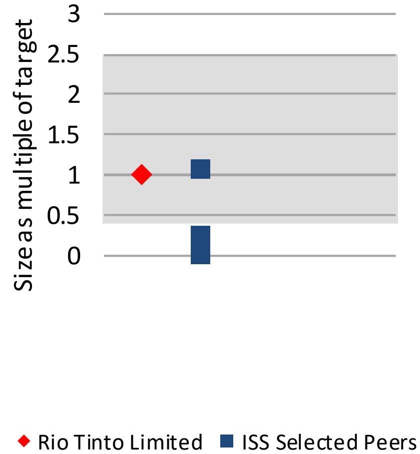
Peer Group

ISS-SELECTED PEERS

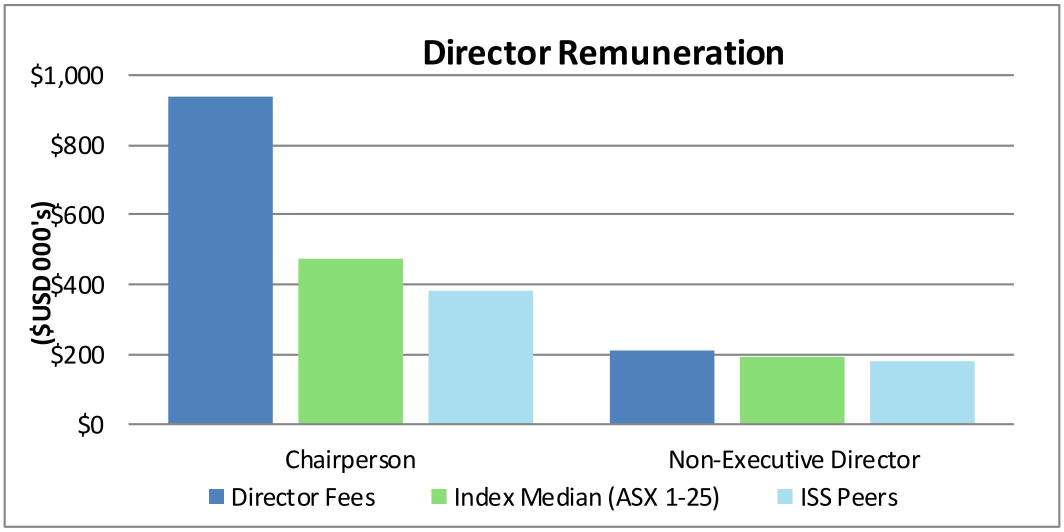
AGL Energy Limited
Brambles Limited
Fortescue Metals Group Ltd.
Newcrest Mining Ltd.
Orica Ltd.
Santos Limited
Woodside Petroleum Ltd.
BHP Group Limited
Evolution Mining Limited
James Hardie Industries Plc
Oil Search Ltd.
Origin Energy Limited
South32 Ltd.

PEER GROUP SIZE ANALYSIS

Size (by revenue) of the ISS selected peer group. Gray indicates 0.4-2.5 times the company's revenue.



NON-EXECUTIVE DIRECTOR REMUNERATION



Analysis

As discussed under Item 3, support is not considered warranted for the Company's remuneration report.

Items 5-13. Elect Directors

SPLIT

VOTE RECOMMENDATION

Item 5

A vote AGAINST the re-election of Megan Clark is warranted.

As Chair of the Sustainability Committee, she is accountable for the failures in governance and risk management that contributed to the Juukan Gorge incident, including the lack of effective controls to properly manage the social and environmental risks and the relationships with indigenous communities.

Items 6-7, 9-11, 13

A vote FOR these candidates is warranted as no significant concerns have been identified.

Item 8

A vote FOR the re-election of Sam Laidlaw, Chair of the Remuneration Committee, is warranted, although it is not without concern for shareholders. Significant concerns around remuneration governance in connection with the treatment of the outstanding LTIP awards belonging to the former CEO and other senior executives, given their roles in, and accountability for, the Juukan Gorge incident.

The main reason for support is, as Senior Independent Director, Laidlaw is leading the succession process for Simon Thompson as Board Chair. As such, a voting sanction is not considered to be in the best interests of the Company and its shareholders at this time.

Item 12

A vote FOR the re-election of Simon Thompson is considered warranted, although it is not without concern for shareholders. As Board Chair, he is ultimately accountable for the Juukan Gorge incident, which represents a significant and irreparable failure in risk oversight and governance.

The main reason for support is, he intends to step down at the 2022 AGM. The extension of his tenure until the next AGM will provide stability and continuity during a period of transition for the Company.

BACKGROUND INFORMATION

Policies: Board

Discussion

PROPOSAL

Under these resolutions, shareholder approval is being sought for the reelection of Simon Thompson, William (Sam) Laidlaw, Megan Clark, Hinda Gharbi, Simon Henry, Simon McKeon, Jennifer Nason and Jakob Stausholm, and election of new nominee Ngaire Woods. Ngaire Woods was appointed to the board since the last annual meeting.

For full details of the directors and their position on the board, see Board Profile section above. For board and committee independence, see the Corporate Governance Profile above.

ELECTION SUMMARY

The company proposes the following (re)elections:

Type of election	Nominees
Incumbent board members to be renewed:	Simon Thompson, William (Sam) Laidlaw, Megan Clark, Hinda Gharbi, Simon Henry, Simon McKeon, Jennifer Nason, Jakob Stausholm and Ngaire Woods

New management nominees to be elected:	No new management nominees on ballot
Terms of candidates	Nominees
1-year term:	Simon Thompson, William (Sam) Laidlaw, Megan Clark, Hinda Gharbi, Simon Henry, Simon McKeon, Jennifer Nason, Jakob Stausholm and Ngaire Woods

ISS POLICY COMPLIANCE TABLE

	Company-level	Nominee impact
Disclosure		
Names of new nominee(s)	No new nominees	
Bios of new nominee(s)	No new nominees	
Independence		
Board	89%	
Audit committee	100%	
Remuneration committee	100%	
Nominating committee	100%	
Composition		
Poor attendance	No concerns	
Overboarding	No concerns	
Executive on a key committee	No concerns	
Combined Chair/CEO	Separate Chair and CEO	
Length of term	N/A	

N/A in this market   No concerns   No impacted nominees   Impacted nominees are on ballot

Australian listed companies are required to hold an election of directors at each AGM (ASX Listing Rule 14.5), and a director cannot hold office for more than three years without re-election (ASX Listing Rule 14.4).

Analysis

ISS considers the overall composition of the board, and of the audit, remuneration, and nomination committees, and the directors' attendance records. Tenure, external board commitments, and director history are also considered when deciding whether to recommend in favour of a director's (re)election.

This board is greater than 50 percent independent, being 88.89 percent independent.

The board is majority independent comprising 1 executive director, and 8 independent non-executive directors.

The key Board Committees are entirely independent; further, there are no over-boarding or tenure issues.

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE RECOMMENDATIONS

Does at least half the Board, excluding the Chair, comprise independent non-executive directors as set out in the UK Code?	Yes

Are the Chair and CEO roles clearly separated?	Yes
Has the Chair served on the Board for less than nine years?	Yes
All directors subject to annual re-election?	Yes
Is there a senior non-executive director who is considered to be independent?	Yes
Has a performance evaluation of the Board and Committees been undertaken during the year?	Yes
Has the performance evaluation been externally facilitated at least every three years? The UK Code recommends that, for FTSE 350 companies, evaluation of the Board should be externally facilitated at least every three years. As stated in last year's annual report: "Every third year, the Board evaluation is externally facilitated. An externally facilitated Board evaluation was carried out in 2019."	Yes
Does the composition of the Nomination Committee comply with the applicable recommendations of the UK Code?	Yes
Does the composition of the Remuneration Committee comply with the applicable recommendations of the UK Code?	Yes
Does the composition of the Audit Committee comply with the applicable recommendations of the UK Code?	Yes
Has the board identified at least one member of the Audit Committee with recent and relevant financial experience?	Yes

Workforce Engagement?
For engagement with the workforce, the UK Code recommends one or a combination of the following methods:

- a director appointed from the workforce;
- a formal workforce advisory panel;
- a designated non-executive director.

As stated in the annual report: "Since Australia is also the country where our most significant operations are located, as well as the largest number of employees, Simon McKeon has also been appointed as the designated non-executive director for workforce engagement, working closely with the Chair and Group Company Secretary".

DIRECTOR RE-ELECTIONS

In addition to the turnover at executive level, the Non-Executive Directors have also come under scrutiny for the Juukan Gorge incident. Michael L Estrange, who led the widely criticised Board Review of the incident, is standing down at the AGM, though the notice of meeting cites health reasons as the impetus for this decision. Simon Thompson has stated an intention to stand down at the 2022 AGM.

Megan Clark, as Sustainability Committee Chair, and Simon Thompson, as Board Chair, have led the non-executive Board's response to the Juukan incident. Sam Laidlaw, as Chair of the Remuneration Committee, has led the company's decisions regarding termination and remuneration provisions applied to departing executives. Their re-elections are discussed below.

Megan Clark (Item 5)

Megan Clark is the Chair of the Sustainability Committee, having taken up the role in May 2016. Along with Simon Thompson, she has led the remedial actions taken by the Board to the local indigenous peoples, coordinating site visits and facilitating discussions between the Board and representatives of the traditional landowners.

In the 2020 annual report, the Sustainability Committee's mandate is set out in full on page 139, within the Sustainability Committee's report. At a high level, the Committee is said to:

> *"The Sustainability Committee oversees strategies designed to manage social and environmental risks, including management processes and standards. The Committee reviews the effectiveness of management policies and procedures relating to safety, health, employment practices, relationships with neighbouring communities, environment, human rights, land access, political involvement and sustainable development."*

The Sustainability Committee has inarguably failed to deliver on this mandate during the period in review, though the description of its responsibilities has been updated significantly in the wake of the Juukan incident. The 2019 Sustainability Committee report focused on a number of other themes, including safety, tailings dams and water storage, and climate change, though its remit was said to also include " management of material sustainability risks and our contribution to sustainable development.

The Company's position is that the entire Board, and the Company as a whole, failed to account for the potential risks and lack of adequate controls at sites of historical and cultural significance. Nonetheless, given that three Executive Directors have been forced out, and with a clear timeline for the succession of the Chair, the other obvious position of accountability is the Chair of the Sustainability Committee.

A vote AGAINST the re-election of Megan Clark, the Chair of the Sustainability Committee, is therefore considered warranted.

Sam Laidlaw (Item 8)

As noted in the analysis of Item 3, the Remuneration Committee has permitted the CEO and two other senior executives to retain a significant proportion of outstanding LTIP awards, subject to pro-rating for time and performance.

The failures in risk oversight and governance at the Juukan site clearly constitute a "catastrophic environment event" which has "had a material effect on the reputation" of Rio Tinto, as defined in the malus and clawback provisions of the Company's 2018 remuneration policy. There is a clear case for a more robust application of the malus provisions, given the gravity of the events at Juukan Gorge, which Rio Tinto has itself described as a tragedy.

In the normal course, a voting sanction on the re-election of the Remuneration Committee Chair may have been appropriate. It is noted, however, that as Senior Independent Director, Sam Laidlaw is leading the succession process for the Board Chair. In view of this important role, qualified support is considered warranted for his re-election at this time. Any future breaches in good remuneration practice will be kept under close review.

Simon Thompson (Item 12)

The Chair, Simon Thompson, has indicated that he will not stand for re-election as Director at the 2022 AGM, stating "I am proud of Rio Tinto's achievements in 2020, including our outstanding response to the COVID-19 pandemic, a second successive fatality-free year, significant progress with our climate change strategy, and strong shareholder returns. However, these successes were overshadowed by the destruction of the Juukan Gorge rock shelters at the Brockman 4 operations in Australia and, as Chair, I am ultimately accountable for the failings that led to this tragic event".

As Chair, Thompson is ultimately responsible for the Board's governance and risk oversight. A process for his succession and orderly transition of management is in place, however it could be argued that the timeframe is somewhat protracted given that new CEO Jakob Stausholm is an internal appointment. Nonetheless, support is considered warranted in view of the clear succession timeline and the continuity that Thompson may provide during a period of transition for the Company.

Item 14. Appoint KPMG LLP as Auditors — FOR

VOTE RECOMMENDATION

A vote FOR this resolution is considered warranted, as no significant concerns are identified.

BACKGROUND INFORMATION

Policies: Ordinary Business

Discussion

Proposal

The board recommends that KPMG be reappointed as the company's independent audit firm.

AUDIT FIRM INFORMATION

Audit firm name	**KPMG**
Audit firm since (as disclosed)	2020
Audit opinion for the last fiscal year	Unqualified[1]
Term to serve if reappointed	Annual shareholder vote

1. The auditor's report contained in the annual report is unqualified, meaning that in the opinion of the auditor, the company's financial statements are fairly presented in accordance with market-relevant accounting standards.

AUDIT TENDERING

KPMG have been Group auditors for one year. The audit was last tendered in 2018 which led to the appointment of KPMG.

Analysis

FRC KPMG LLP AUDIT QUALITY REVIEW

The Financial Reporting Council (FRC), the regulatory body for auditors and accountants in the UK, set a target that all FTSE 350 audits should be assessed as requiring no more than limited improvements by the end of the 2019/20 inspection cycle. No UK audit firm achieved this target.

In its July 2020 Audit Quality Review (AQR) [LINK], the FRC noted the following with respect to its inspection of the audits carried out by KPMG:

"We reviewed a sample of 18 individual audits this year and assessed only 11 (61%) of them as requiring no more than limited improvements. Of the twelve FTSE 350 audits we reviewed this year, we assessed only seven (58%) as achieving this standard.

The firm has taken steps to address the key findings in our 2019 public report, by continuing with and extending the initiatives within its three-year Audit Quality Transformation Plan. We have identified improvements, for example in the audit of goodwill impairment, a key finding last year. We also identified good practice in a number of areas of the audits we reviewed (including the use of internal specialists) and further improvements in the firm-wide procedures (including the introduction of further mandatory work programmes in areas of estimation and judgement and holding related workshops for engagement leaders).

The recurring findings that most contributed to the results were the quality of audit work on banks and building societies and the levels of challenge and professional scepticism.

We have highlighted aspects of firm-wide procedures which should be improved, including strengthening the culture of challenge within the firm s audit process. In our previous inspection cycle KPMG was placed under 'increased scrutiny' and during this year's inspection we continued to monitor whether the firm s Audit Quality Transformation Plan was sufficient to achieve the necessary improvements in audit quality. In addition, the FRC commissioned an independent review of the firm s audit practice that covered key aspects of leadership and governance, risk management, values and behaviours. We requested that KPMG develop an action plan in response to the recommendations raised, which has now, along with the Audit Quality Transformation Plan, been incorporated into the quality pillar of the firm s three-year Audit Strategy.

We have seen considerable focus on audit quality at the top of the firm and there have been a number of improvements to the audit practice as a result. However, our inspection results show that high audit quality is not being achieved consistently and this report identifies key areas where the firm must make improvements more quickly. The overall inspection results therefore remain unsatisfactory and we expect the firm to take specific action to address this.

We will continue to monitor the response to the independent review as well as the next stages of the firm s Audit Quality Plan including the Banking Audit Quality improvement project. We also plan to inspect a higher number of its audits proportionately in our 2020/21 cycle than at some other firms."

Auditor Effectiveness Review by Audit Committee

"We review the effectiveness of the external auditors each year at our meeting in June. We consider the results of a survey containing questions on the auditors objectivity, quality and efficiency. The survey is completed by a range of operational and corporate executives across the business, and by Committee members. The review in June 2020 related to the outgoing auditors, PwC, and the overall rating was positive.

The effectiveness of KPMG will be reviewed in June 2021. In addition, in 2020 the outgoing auditors PwC provided additional feedback to the Committee on the operation of financial processes and the internal control framework within the company, based on recent years audit experience."

Juukan Gorge

The Audit Committee report states that the Committee "is acutely aware of the issues arising from the destruction of the Juukan Gorge rock shelters in May 2020, in particular the weaknesses it exposed in the risk management and internal control framework, and to relevant culture and behaviours within the company. Looking forward, the lessons learned, and actions now being taken, will form part of the Committee s consideration of the effectiveness of the overall control framework".

Item 15. Authorize the Audit Committee to Fix Remuneration of Auditors

FOR

VOTE RECOMMENDATION

A vote FOR this item is warranted because there are no concerns regarding this proposal.

BACKGROUND INFORMATION

Policies: Ordinary Business

Discussion

This resolution authorises the Board to fix the remuneration of KPMG for the forthcoming year.

The table below includes details of the fees paid to the auditors in respect of the financial year ended 31 December 2020.

FEES PAID DURING THE LAST FISCAL YEAR

Audit firm name	**KPMG**
Fees currency	USD
Audit fees	**17,300,000**
Audit-related fees	**800,000**
Total audit and related fees	**18,100,000**
Total transaction-related fees	0
Total tax fees	0
Other fees	1,500,000
Total non-audit fees	**1,500,000**
Total non-audit fees as a percentage of total fees	7.7%
Total non-audit fees as a percentage of audit fees	8.3%

*Note: Other Fees' relates to pension scheme audits. Other Fees' includes the review of non-statutory financial information including sustainability reporting.

During the most recently completed fiscal year, the company paid GBP 700,000 in total fee s to other undisclosed auditors for the services provided.

NON-AUDIT FEE POLICY

As stated in the 2020 annual report: " We have a policy governing the use of the auditors to provide non-audit services. The cap on the total fees that may be paid to the external auditors for non-audit services in any given year is 70% of the average of the audit fees for the preceding three years. This is in line with the FRC's Ethical Standard".

Item 16. Authorize EU Political Donations and Expenditure — FOR

VOTE RECOMMENDATION

A vote FOR this resolution is warranted because the Company states that it does not intend to make overtly political payments but is making this technical proposal in order to avoid inadvertent contravention of UK legislation.

BACKGROUND INFORMATION

Policies: Ordinary Business

Proposal

The Board is seeking shareholder approval for the authority to make UK political donations as follows:

Category of expenditure:	Category maximum
To political parties and/or independent election candidates:	
To political organisations other than political parties:	GBP 50,000
To incur political expenditure:	
Aggregate authority:	GBP 100,000
Duration of authority (months):	15
Political donations made during the year:	None
Company's policy:	Not to make UK political donations

POLITICAL ACTION COMMITTEE

In accordance with the United States Federal Election Campaign Act, Rio Tinto provides administrative support for the Rio Tinto America Political Action Committee (PAC). The PAC was created in 1990 and encourages voluntary employee participation in the political process. In 2020, contributions to Rio Tinto America PAC by 15 employees amounted to USD 8,475.45, and Rio Tinto America PAC donated USD 11,500 in political contributions in 2020

Item 17. Approve Renewal and Amendment to the Rio Tinto Global Employee Share Plan

FOR

VOTE RECOMMENDATION

A vote FOR this proposal is considered warranted, in the absence of any overriding concerns.

Proposal

The Company is proposing to renew and amend its Global Employee Share Plan.

As explained by the Company within the 2021 Notice of Meeting: "The Rio Tinto plc Global Employee Share Plan (myShare) has been in place since 2012. myShare has been instrumental in promoting employee share ownership and engagement and is an important part of our employee value proposition (EVP). Participation in the plan globally stands at around 50%. All eligible employees are invited to participate on equal terms. The plan has a single, global framework, with local modifications made as necessary for regulatory, legal, securities or taxation reasons. Rio Tinto Limited operates a similar version of the plan (Limited myShare). The existing shareholder approval of myShare is due to expire in 2022, on the tenth anniversary of its adoption. The purpose of this resolution is to renew and to amend the myShare rules to update statutory references and to make largely administrative changes in line with current market practice".

PLAN FEATURES

Administrative	
Participation	All employees of the Group.
Administration	The Board of Directors.
Ability of Remuneration Committee to Change Plan Terms	The Directors may amend the provisions of the SIP in any respect. However, the provisions governing eligibility requirements, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire Shares and the adjustments that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of existing or new participants without the prior approval of the company's shareholders in general meeting.
Expiry Date	Ten years from approval.
Awards	
Award Type	Free Shares, Investment and Matching Shares.
Funding	Awards of shares in connection with the SIP may be satisfied by newly issued Shares, shares purchased in the market by an employees' trust or by the transfer of shares out of treasury.
Individual Award Limits	**Free Shares:** It is intended that any maximum for any year will be no more than 200% of the maximum contribution limit stated earlier. **Investment Shares:** myShare provides the opportunity for participants to purchase shares out of a salary up to a maximum contribution limit agreed by the directors, which is proposed to be increased to USD 5,250 per year (or the local currency equivalent on any date considered appropriate by the directors), representing a 5% increase on the current maximum which has remained unchanged since the approval of myShare in 2012. Participants can stop saving at any stage. The participants contributions may be used to acquire investment shares on a monthly basis or the contributions may be accumulated for a period of up to 12 months before being used to acquire investment shares. **Matching Shares:** myShare provides that, where participants acquire investment shares, they may be awarded additional shares by the company on a matching basis, up to a maximum of two matching shares for each investment share. However, the rules provide the directors with discretion to increase this matching basis. Currently one matching share is offered for each

	investment share acquired. An award of matching shares may take the form of a conditional right to shares or as an award of forfeitable shares.
Dilution Limit	10% in 10 years for all the Company's share schemes.
Terms	The Company can require employees to have completed a minimum qualifying period of employment before they can participate, but that period must not exceed 18 months. Free Shares and Matching Shares will be held by the trustee of the SIP trust ("Trustee") on behalf of the participants. Ordinarily, any Free Shares and Matching Shares must be held by the Trustee for a period of between three and five years after the date that those Free Shares and/or Matching Shares are awarded. Partnership Shares will be acquired by the Trustee on behalf of participants, using the funds contributed by the relevant participant by way of pre-tax salary deductions.
Other Plan Notes	
Good Leavers	If a participant leaves the Group during the holding period, which is expected to be three years, due to ill-health, injury, disability, retirement, the employing company or business being sold, redundancy, death or any other reason decided by the directors, then the free shares will not be forfeited. Matching shares will be released to the participant.
Change in Control	Where free and matching shares are awarded in the form of conditional awards, the awards will vest on a takeover and may vest or be adjusted, as appropriate.
Discretion	See 'Ability of Remuneration Committee top Change Plan Terms' above.

Analysis

The purpose of the resolution is to renew myShare for another ten-year term and make largely minor changes to the rules to aid the plan s administration. As part of the renewal, the Company is seeking to increase the annual participation limit per employee, which has remained unchanged since the plan was put in place in 2012, by 5%.

The is a broad-based plan for Rio Tinto employees and no significant concerns are raised. Support is considered warranted.

Item 18. Approve the Renewal of Off-Market and On-Market Share Buy-back Authorities — FOR

VOTE RECOMMENDATION

A vote FOR this resolution is warranted because it is not considered to be contentions, being the same resolution put to shareholders for several consecutive years, and the proposed amount and duration are within recommended limits.

Discussion

PROPOSAL

The authority sought by this special resolution is for Rio Tinto Limited to buy back up to a limit of 55.6 million ordinary shares (15 percent of the 371,216,214 shares on issue in the capital of Rio Tinto Limited as at 26 February 2021). Subject to the above limit, the number of shares to be bought back (if any) will be determined by the directors.

Rio Tinto plc shareholder approval is sought to renew the authority for Rio Tinto plc and Rio Tinto Ltd to make on-market purchases of shares of Rio Tinto plc (included as Item 21 in the Rio Tinto plc AGM Notice of Meeting).

Approval of this item would authorise the Board to repurchase shares as follows:

Share Buybacks

Maximum number of shares to be bought back	55.6 million
Percentage of issued share capital	15%
Maximum purchase price	5% above market price (under ASX Listing Rules)
Duration of authority (months)	12

Analysis

ISS Policy will generally recommend for approvals to repurchase shares unless:

1. there is clear evidence available of past abuse of this authority; or
2. in the case of a selective buy-back, there is not a sound reason for it.

Companies may only engage in a buy-back of their own shares if the terms of buy-back do not materially prejudice the company's creditors, and the company follows the requirements as set out in the Corporations Act. A capital reduction must also be fair and reasonable to shareholders as a whole. Furthermore, under ASX Listing Rule 7.34 a company may undertake an on-market buy-back of its securities at a price which is not more than 5% above the VWAP over the last 5 days before the day on which the company's purchase under the buy-back was made.

Should the board decide to proceed with a buy-back authorised under this resolution, it would only occur if the board believes that it would not prejudice the Company's ability to maintain its dividend policy or pose any significant disadvantage to shareholders.

Any buy-backs under this resolution would not be expected to have any change of control implications for Rio Tinto Limited or the Group. Given the limit on the size of the buy-backs permitted under the authorities being sought, the board believes that there would not be any material impact on the control of the Group or on the relative voting power of the shareholders in each of Rio Tinto Limited or Rio Tinto plc.

Item 19. Approve Emissions Targets — FOR

VOTE RECOMMENDATION

Shareholder support FOR this resolution is warranted.

The shareholder proponents are requesting that the company disclose its short, medium and long-term targets for its scope 1 and 2 greenhouse gas emissions in subsequent annual reporting, and performance against those targets. The resolution also proposes that those targets should be independently verified as aligned with the climate goals of the Paris Agreement.

The company has stated it has already set out its short, medium and long-term targets for its scope 1 and 2 greenhouse gas emissions in its 2020 Annual Report and Climate Change Report and that performance against these targets is independently assured and their alignment with the climate goals of the Paris Agreement is described in the Climate Change Report. The company believes it is substantially in compliance with the proposed resolution and the Board recommends shareholders vote for this resolution.

Discussion

PROPOSAL

A group of shareholders holding less than 0.02 percent of the company's ordinary shares have given notice under section 249N of the Corporations Act 2001 requisitioning a special resolution to amend the company's constitution, and a resolution requesting the company to disclose, in its subsequent annual reporting, short, medium and long-term targets for its scope 1 and 2 greenhouse gas emissions, and performance against those targets. The resolution proposes that those targets should be independently verified as aligned with the climate goals of the Paris Agreement.

Rio Tinto opposes the special resolution as it would be likely to create uncertainty and would give rise to a number of practical difficulties, including in relation to the authority and accountability of the directors.

However, as Rio Tinto's Board is supporting the non-binding advisory resolutions being put to this year's annual general meeting, the constitutional amendment is not required this year. The requisitioning shareholders has therefore withdrawn the special resolution.

Resolution 19 will therefore be a non-binding advisory ordinary shareholder resolution.

Specifically, the proposal states:

> *" 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 and 2 greenhouse gas emissions and performance against those targets. All targets should be independently verified as aligned with the climate goals of the Paris Agreement."*

The full shareholder statement and board response is available in the Addendum to the Company's Notice of 2021 Annual General Meeting. Refer to attached link:

https://newswire.iguana2.com/af5f4d73c1a54a33/rio.asx/3A563902/RIO_Addendum_to_2021_notice_of_annual_general_meeting

SHAREHOLDERS' STATEMENT

In its supporting statement, the shareholder proponent says that the Paris Agreement on climate change, which aims to keep global warming to well below 2 C and targets a 1.5 C limit, has been ratified by 185 member parties. It goes on to say, "Governments and markets are expected to accelerate climate action in order to achieve these goals."

The proponent argues that the emissions reduction targets from its own operations that were announced in February 2020 *"fall well short of what can be considered consistent with the Paris Agreement."* The company announced targets to reduce absolute "scope 1 and 2" greenhouse gas emission by 15 percent by 2030 from a 2018 baseline. The proponent believes that Paris alignment would require a 50 percent reduction in scope 1 and 2 emissions in that same timeframe.

According to the proponent, the company has committed to the goal of reaching net zero greenhouse gas emissions by 2050, however, the proponent asserts that *"it is widely accepted that the pathway to net zero requires emissions to roughly halve by 2030. This is not an outcome our company has even acknowledged, let alone set targets to meet."* The proponent also states that they believe *"Our company is also failing to deliver on the meagre emission reduction target set for our scope 1 and 2 emissions."*

The proponent believes the company's commitment to reduce scope 1 and 2 emissions by 15% by 2030 is significantly weaker than those imposed by several of our peers such as BHP, Vale, Anglo American, Fortescue Metals Group and Glencore.

Regarding investor and regulatory expectations, the proponent notes, "The TCFD [Task Force on Climate-related Financial Disclosures] recommendations in 2017 were designed to allow investors to "appropriately assess and price climate-related risk and opportunities." Regulators and investors now expect companies to fully comply with the TCFD recommendations.

They acknowledge that the company signed up as a supporter of the TCFD in 2017, but is yet to fully comply with the recommendations.

It also states that the Australian regulators have repeatedly stated their expectations that companies disclose and manage climate risk. It is stated that ASIC Commissioner, Cathie Armour, reiterated these expectations in a February 2021 article.

BOARD'S STATEMENT

The company has stated that it is committed to being part of the solution to the unprecedented challenge of climate change.

The company states the following in relation to the proponent's resolution:

- Rio Tinto has already set out short, medium and long-term targets for its scope 1 and 2 greenhouse gas emissions in its 2020 Annual Report and Climate Change Report,
- Performance against these targets is independently assured and their alignment with the climate goals of the Paris Agreement is described in the Climate Change Report.
- Rio Tinto will continue to disclose these targets and the independently assured performance against them in their Annual Reports in the decade ahead.
- The Board notes that Rio Tinto is one of the first companies to commit to put their 2021 Climate Change Report to an advisory vote at its 2022 annual general meetings. This "say on climate" will provide shareholders with the opportunity to express their view on the company's climate change strategy and implementation, taken as a whole.

The company states that it has a strong track record of climate action over more than two decades and since 2010 has reduced absolute greenhouse gas emissions by 39%. They also state that they own and operate some of the most carbon-efficient assets in the industry.

In February 2020, the Board announced aims to reach net zero Scope 1 and 2 greenhouse gas emissions by 2050, and targets for a 15% reduction in absolute emissions and 30% reduction in emissions intensity by 2030.

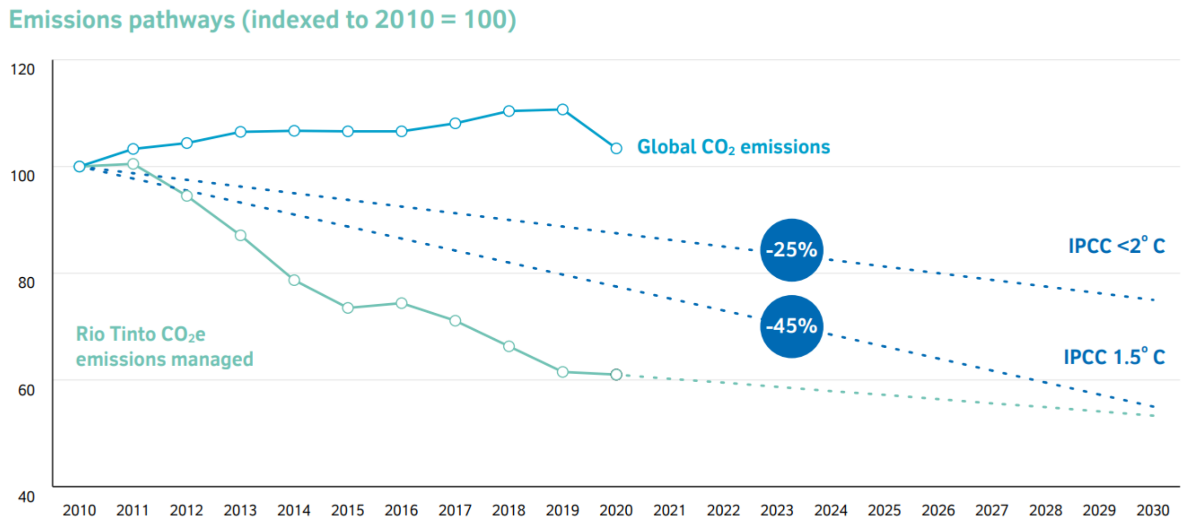
In addition, it is disclosed that the 2020 Climate Change Report highlights that by 2030, the company's managed emissions are expected to be 45% below the level in 2010, consistent with the pathways set out by the Intergovernmental Panel on Climate Change (IPCC) Special Report on 1.5°C.

The company states that its targets are supported by a commitment to invest around $1 billion over the period 2020-24 in emissions reduction projects and research and development. It is further stated that:

- the company's low carbon transition is just and that emissions targets do not currently promote plant closure that would have a negative impact on the communities where they operate,
- most of the company's assets already sit in the low end of their respective carbon intensity curves,
- since 2018, the company has reduced Scope 1 and 2 emissions by 1.1Mt CO2e, or 3%, which is on track with our 2030 emissions target and progress towards these targets will not be linear.

The following chart showing the company's progress in reducing managed emissions is provided.

Progress in reducing our managed emissions and our 2030 targets, as published in the 2020 Climate Change Report



The company believes it is substantially in compliance with the proposed resolution and the Board recommends shareholders vote for this resolution.

Analysis

The company has committed to and announced a pathway to achieve net-zero Scope 1 and 2 emissions by 2040, including investing around $1 billion over the period 2020-24 in emissions reduction projects and research and development.

Rio Tinto has stated it welcomes dialogue on these important matters, and recognises that its portfolio of high-quality iron ore, copper, aluminium and minerals has an essential role in enabling the low-carbon transition.

As disclosed above in Item 2, the company's Remuneration Committee approved revisions for 2021 to include climate change objectives in the short-term incentive plans of our senior executives. Safety, environment, social and governance matters including climate change are now assigned an explicit performance weighting of 35%, of which 20% relates to safety.

The Board also intends to put its annual TCFD-aligned reporting to an advisory vote at the 2022 Annual General Meetings.

CONCLUSION

The shareholder proponents are requesting that the company disclose its short, medium and long-term targets for its scope 1 and 2 greenhouse gas emissions in subsequent annual reporting, and performance against those targets. The resolution also proposes that those targets should be independently verified as aligned with the climate goals of the Paris Agreement.

The company has stated

- it has already set out its short, medium and long-term targets for its scope 1 and 2 greenhouse gas emissions in its 2020 Annual Report and Climate Change Report,
- that performance against these targets is independently assured and their alignment with the climate goals of the Paris Agreement is described in the Climate Change Report, and
- it believes it is substantially in compliance with the proposed resolution and the Board recommends shareholders vote for this resolution.

Shareholder support FOR this resolution is warranted.

Item 20. Approve Climate-Related Lobbying — FOR

VOTE RECOMMENDATION

Shareholder support FOR this resolution is warranted.

The shareholder proponents believe that the company's engagement with its industry associations has not produced outcomes that align with mainstream investor standards. They state that Rio Tinto remains a member of several industry associations that continue to oppose Paris-aligned climate policy.

At the present time it appears that the company is taking appropriate steps to work within industry associations and monitors the advocacy of industry associations and periodically reviews their membership. The company has also stated that it does not support advocacy for policies that undermine the Paris Agreement or discount Nationally Determined Contributions (NDCs).

Discussion

PROPOSAL

A group of shareholders holding less than 0.01 percent of the company's ordinary shares have given notice under section 249N of the Corporations Act 2001 requisitioning a special resolution to amend the company's constitution, and a resolution requesting the company to enhance its annual review of industry associations to ensure that the review identifies areas of inconsistency with the Paris Agreement, and a recommendation that the company suspend membership, where an industry association's record of advocacy is, on balance, inconsistent with the Paris Agreement's goals.

Rio Tinto opposes the special resolution as it would be likely to create uncertainty and would give rise to a number of practical difficulties, including in relation to the authority and accountability of the directors.

However, as Rio Tinto's Board is supporting the non-binding advisory resolutions being put to this year's annual general meeting, the constitutional amendment is not required this year. The requisitioning shareholders has therefore withdrawn the special resolution.

Resolution 20 will therefore be a non-binding advisory ordinary shareholder resolution.

Specifically, the proposal states:

> *"Shareholders request that our company enhance its annual review of industry associations to ensure that the review identifies areas of inconsistency with the Paris Agreement. Where an industry association's record of advocacy is, on balance, inconsistent with the Paris Agreement's goals, shareholders recommend that our company suspend membership, for a period deemed suitable by the Board.*
>
> *Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our company "*

The full shareholder statement and board response is available in the Addendum to the Company's Notice of 2021 Annual General Meeting. Refer to attached link:

https://newswire.iguana2.com/af5f4d73c1a54a33/rio.asx/3A563902/RIO_Addendum_to_2021_notice_of_annual_general_meeting

SHAREHOLDERS' STATEMENT

In their supporting statement, the shareholder proponents argue that:

> *" This resolution seeks to improve the advocacy on climate and energy policy by our company's industry associations, in light of the failure of successive Australian governments to implement*

> *policies designed to reduce emissions consistent with the Paris Agreement. ACCR has engaged with our company for over three years on this issue."*

Proponents state that

> *"In February 2021, Bloomberg ranked Australia's climate policies as the weakest of the largest developed economies. Australia's commitment to reduce emissions by 26-28% by 2030 (from 2005 levels) is generally accepted to be inadequate."*

The proponents believe that the company's engagement with its industry associations has not produced outcomes that align with mainstream investor standards. They state that Rio Tinto remains a member of several industry associations that continue to oppose Paris-aligned climate policy, including the Chamber of Minerals and Energy of Western Australia, the Minerals Council of Australia, the Minerals Council South Africa, the (US) National Mining Association, the Queensland Resources Council and the US Chamber of Commerce.

Examples are provided in the Proponent's statement regarding the Queensland Resources Council, Minerals Council of Australia and the Chamber of Minerals and Energy of Western Australia. Refer to the Addendum link above.

The proponent shareholder states that the activities of the company's industry associations stand in conflict with the company's commitment to net-zero emissions by 2050 and the company's long term financial and strategic interests. They believe that global leaders have a once in a generation opportunity to accelerate decarbonisation through wide-ranging economic policy commensurate with the seriousness of current crises.

They contend that if Rio Tinto is unwilling or unable to ensure that its industry associations support that transition, then shareholders should support the request that membership of those groups is suspended.

BOARD'S STATEMENT

The company has stated that Industry associations play an important role in policy development, sharing best practice and developing standards. They also allow Rio Tinto to better understand a range of external views on a variety of topics (including climate change) and membership allows them to contribute their perspectives and experiences in support of a co-ordinated approach which benefits business, the economy and society.

The company recognizes that industry associations' views will not always be the same as their views. The company goes on to state:

> *"We monitor the advocacy of industry associations and periodically review our memberships. Our review of industry associations was published at the same time as our 2020 Climate Change Report and highlights where we identify significant differences in policy or advocacy to our own position."*

The company has disclosed that if significant differences are identified in climate-related policy and advocacy, the company will as part of that process consider suspension of membership. They also state that:

> *"Our preference is to work within, and influence, industry associations to ensure that their policy positions and advocacy is consistent with the goals of the Paris Agreement. In weighing up the relative merit of continued membership, the Board will exercise a balanced judgement of what is in the best interests of the company and will consider suspension of membership as a measure of last resort."*

The company states it does not support advocacy for policies that undermine the Paris Agreement or discount Nationally Determined Contributions (NDCs).

The full review of Rio Tinto's policy positions and advocacy by industry associations in 2020 can be found at: https://www.riotinto.com/sustainability/ethicsintegrity/industry-association-disclosure

The company acknowledges differences between the climate and energy policy positions of Rio Tinto and some industry associations. For example:

- actively engaged with the National Mining Association Board and executive team to encourage them to change their position and advocacy on climate change.
- worked closely with the Minerals Council of Australia to clarify expectations of industry association advocacy, particularly around climate change.
- raised the scope for improvement with Queensland Resources Council to continue to encourage advocacy in line with the company's policies and note that QRC has now published their updated political engagement policy.

The Board recommends shareholders vote for this resolution.

Analysis

The company has acknowledged that there are differences between the climate and energy policy positions of Rio Tinto and some industry associations and has stated that its preference is to work within, and influence, industry associations to ensure that their policy positions and advocacy is consistent with the goals of the Paris Agreement.

The company has provided examples of how it has managed these differences.

CONCLUSION

The shareholder proponents believe that the company's engagement with industry associations has not produced outcomes that align with mainstream investor standards. They state that Rio Tinto remains a member of several industry associations that continue to oppose Paris-aligned climate policy.

At the present time it appears that the company is taking appropriate steps to work within industry associations and monitors the advocacy of industry associations and periodically reviews their membership. The company has also stated that it does not support advocacy for policies that undermine the Paris Agreement or discount Nationally Determined Contributions (NDCs).

Shareholder support FOR this resolution is warranted.

Detailed Ownership Profile

back to Ownership and Control Overview

Percentages rounded down to 1 decimal. "▶" identifies shareholders considered strategic under ISS' definition. ○ identifies shareholders acting in concert (BlackRock, Inc).

Type	Votes per Share	Issued
Ordinary Shares	1	371,216,214
Ownership - Ordinary Shares	**Number of Shares**	**% of Class**
▶The Vanguard Group, Inc.	22,604,578	6.0
▶○BlackRock Fund Advisors	6,157,329	1.6
Vanguard Investments Australia Ltd.	5,417,251	1.4
Computershare Ltd.	3,819,232	1.0
▶○BlackRock Investment Management (UK) Ltd.	2,151,352	0.5
APG Asset Management NV	2,116,200	0.5
Union Investment Privatfonds GmbH	2,110,737	0.5
Argo Investments Ltd. (Investment Management)	2,097,139	0.5
Australian Foundation Investment Co. Ltd. (Invt Mgmt)	2,073,431	0.5
Geode Capital Management LLC	2,041,638	0.5
Principal Global Investors LLC	1,689,272	0.4
▶○BlackRock Advisors (UK) Ltd.	1,591,630	0.4
State Street Global Advisors, Australia, Ltd.	1,481,853	0.4
JPMorgan Asset Management (Asia Pacific) Ltd.	1,291,548	0.3
▶○BlackRock Investment Management (Australia) Ltd.	1,213,643	0.3
Dimensional Fund Advisors LP	1,193,257	0.3
Vanguard Global Advisers LLC	1,056,167	0.2
DFA Australia Ltd.	1,027,348	0.2
Eaton Vance Management	942,687	0.2
Netwealth Investments Ltd.	899,013	0.2
▶Alfredo Barrios	78,160	0.0
▶Bold Baatar	34,127	0.0
▶Stausholm, Jakob	30,298	0.0
▶Peter Toth	21,649	0.0
▶Vera Kirikova	12,024	0.0
▶Arnaud Soirat	6,816	0.0
▶Barbara Levi	1,768	0.0
▶Simon Trott	1,731	0.0
▶Mark Davies	1,729	0.0
▶Shining Prospect Pte. Ltd	0	0.0

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Additional Information

Meeting Location	BelleVue Ballroom, Level 3, the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia Virtual Meeting: https://web.lumiagm.com/ or use the Lumi platform, Meeting ID is: 343-175-291
Meeting Time	13:00
Security IDs	Q81437107(CINS), G75752108(CINS), Q8S328109(CINS)

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