



WONDERFUL RESULT BUT WILL IT LAST?

Company/ASX Code	Rio Tinto/RIO
AGM date	Thursday 5 May 2022
Time and location	9:30am Sofitel Melbourne On Collins, 25 Collins Street, Melbourne
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Duncan Seddon
Pre AGM Meeting?	In the process of setting up with incoming chair (commences after AGM)

Summary of issues for meeting

Russia and China

Item 1	Receipt of 2021 Annual Report
ASA Vote	No vote required

Summary of ASA Position

This has been a wonderful year for shareholders with very impressive dividends from a massive cash flow. The first 200 pages of the annual report out of a 400+ page report focuses on the threat of climate change to the company and the steps the company is taking to ameliorate this. These are generally sound measures but for the climate activists the proposed actions don't go far enough.

On 24 February 2022, the world changed. Globalisation declined even faster than it had been prior to then. Russia's invasion of the Ukraine results in two real existential threats to the company. Russia and China have an alliance, which is increasing the geopolitical tension between China and the US and its allies, such as Australia.

Firstly, Rio is over reliant on China with 58% of the revenue coming from China (substantially iron ore). On the one hand, should US/China relations deteriorate over the Taiwan issue, Australia (i.e. Rio) will be under pressure to scale back trade with China. On the other, the China/Russia alliance moves to reduce dependence on western commodity sources. Either would reduce the flow of the rivers of gold flowing from Rio's iron ore operations.

Secondly, Rio's aluminium division has a serious problem with RUSAL the Russian aluminium giant. Rio has been forced (by Australian government pressure) to break its RUSAL links in the Queensland refinery and smelter. This has annoyed RUSAL. In the past Russia (USSR) has used energy intensive commodities like aluminium as a proxy for selling its natural gas (Russia could have 50% of the world's natural gas reserves). The product is sold on world markets at the discount required to achieve this goal (i.e. sell natural gas). It is unclear if Rio's aluminium division (30% of the company's assets) has the margin to withstand such an attack on the aluminium

market; it would certainly thwart the company's ambition to introduce zero carbon emission aluminium (but higher cost of production) into the global aluminium market.

Time will tell if the Board and the company executives are up to the challenge.

Financial performance

This has been a brilliant year for shareholders in terms of capital gain and dividends received.

Key Board or senior management changes

The board continues to be revitalised with three new board members including a new chairman elect.

Summary (Commsec and company data)

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	29,071	12,684	11,433	19,323	11,232
UPAT (\$m)					
Share price (\$)	99.82	114.87	102.93	78.26	69.73
Dividend (cents)	1,422	723	632	779	372
TSR (%)	263.8	110.1	49.6	33.4	5.8
EPS (cents)	1813	920	1037	720	628
CEO total remuneration, actual)	GBP 2.788	GBP 7.224	GBP 5.999	GBP 4.551	GBP 3.116

For 2021, the CEO's total actual remuneration was **75 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics). Note - For November 2021, the Full-time adult average weekly total earnings (annualised, original) were \$90,917.

Item 2	Approval of Directors Remuneration Report: Implementation Report
ASA Vote	For

Summary of ASA Position

The remuneration report is comprehensive and ticks all the boxes we would wish for, including vesting of 50% of the short-term incentives and long period LTI plan (5 years). We have supported these means in the past and continue to support the remuneration policy. Although the outcomes of the payments are explicit, the detail has started to interfere with clarity, for example mixing of payments in Pounds Sterling with US dollar amounts given in other parts of the annual report.

Item 3	Approval of Directors Remuneration Report
ASA Vote	For

Summary of ASA Position

As noted above

Item 4	To Elect Dominic Barton BBM as a director
ASA Vote	For

Summary of ASA Position

Dominic is formerly from McKinsey and Company and has recently served as Canada's ambassador to China. He has been the previous chair of Teck Resources and has been a director of Singtel. He is chancellor of the University of Waterloo. Dominic Barton is chairman designate. He was appointed to the board in April 22, and will take over as chairman in May 22. Whilst his experience for the role of chairman of RIO is good, the appointment from April provides him with an extremely short time to get to know the Company. As a Canadian citizen there may be conflicts with RIO's management and the proposed disposal options of Rio's Australian aluminium assets.

Item 5	To Elect Peter Cunningham as a director
ASA Vote	For

Appointed 2021; Fees US\$2.352M; Shares 35,643, value \$4.28M

Summary of ASA Position

Peter Cunningham is CFO of the company appointed January 2021. Whilst it is usual practice in Australia to have only one executive on the board, we recognise UK and US often have the CFO as board member. Rio is a dual-listed company and have supported this position in the past and will continue to do so.

Item 6	To elect Ben Wyatt as a Director
ASA Vote	For

Appointed 2021; Fees US\$63,000; Shares, value

Summary of ASA Position

Ben Wyatt was appointed in September 2021. Ben has had a career as a West Australian politician serving as state treasurer. He has an indigenous background. Prior to his political career he was an officer in the Australian Army. In the light of Juukan Gorge fiasco and the significant company assets in WA we regard him as an important contributor to dealing with the problems the company has created for itself in WA. He is a director of Woodside and therefore not overloaded.

Item 7	To re-elect Megan Clark AC as a Director
ASA Vote	For

Summary of ASA Position

Appointed 2014; Fees US\$234,000; Shares 6,370, value \$764,000 (for this and the following share holdings and values it is assumed that PLC and Limited shares have parity and are valued at A\$120 each).

Megan Clark, an Australian citizen, is the former head of the CSIRO and prior to that was with BHP as the VP technology. She has a background in economic geology. She is chair of the company's sustainability committee. She is a director of CSL and is chair of the advisory board of the Australian Space Agency. She is not fully loaded.

Item 8	To re-elect Simon Henry as a director
ASA Vote	For

Summary of ASA Position

Appointed 2017; Fees US\$233,000; Shares 1500, value \$180,000

He is the ex-CFO of Shell and would be an asset to the company. He has external directorships with Harbour Energy PLC and PetroChina and is on several advisory panels. We regard him as fully loaded. We note after 5 years on the board his low stock holding in the company compared to his annual fees. **We will vote against him next year if this persists.**

Item 9	To re-elect Sam Laidlaw as a director
ASA Vote	For

Summary of ASA Position

Appointed 2017; Fees US\$282,000; Shares 7,500, value \$900,000

As a solicitor with extensive experience in the oil and gas industry he took up a board position in February 2017. He is a director of Neptune Petroleum and has several advisory board positions and is not considered to be overloaded. We supported his election to the board last year.

Item 10	To re-elect Simon McKeon AO as a director
ASA Vote	For

Summary of ASA Position

Appointed 2019; Fees US\$282,000; Shares 10,000, value \$1,200,000

Simon McKeon is a solicitor specialising in financial services law, government, and charities. He was formally the chairman of AMP. Simon McKeon is Chancellor of Monash University and serves on the board of NAB.

Item 11	To re-elect Jennifer Nason as a director
ASA Vote	For

Summary of ASA Position

Appointed 2020; Fees US\$219,000; Shares 1,765 value \$211,800

Jennifer has over 30 years' experience in corporate finance and capital markets, more recently with JP Morgan as a managing director of investment banking. She has formerly held positions at JP Morgan. We supported her election last year and will continue do so this year.

Item 12	To re-elect Jakob Stausholm as a director
ASA Vote	For

Summary of ASA Position

Appointed 2018; Fees/salary US\$5.001m; Shares 33,853, value \$4.062m

Jakob Stausholm was the company CFO and was appointed to the CEO role in January 2021, following the resignation of J-S Jacques. He has no other commitments. We will support his election.

Item 13	To re-elect Ngaire Woods CBE as a director
ASA Vote	For

Summary of ASA Position

Appointed 2020; Fees US\$201,000; Shares 572, value \$68,600

Ngaire Woods is a professor of economic governance at Oxford. She also has a string of advisory roles to various international panels. She joined the Board in September. She is not overloaded. We supported her election last year and will continue this year.

Item 14	Re-appointment of auditors
ASA Vote	For

Summary of ASA Position

This is a procedural vote required under UK law and hence required to be passed as part of the Dual Listing structure by Rio Tinto Limited.

Item 15	Remuneration of auditors
ASA Vote	For

Summary of ASA Position

Audit fees for 2021 were US\$21.2m; 2020, \$US17.3m. In addition, non-audit fees were US\$3.9m; 2020, US\$2.28m.

Item 16	Authority to make political donations
ASA Vote	For

Summary of ASA Position

Rio has advised they oppose political donations, in keeping with the ASA policy. However, UK law states donations to trade organisations and the like may constitute political donations. Since the ASA is not opposed to donations to trade organizations, we will support this motion on this occasion. We will watch closely to see if any of the trade organizations Rio supports engage in any overtly political activity and vote against this in future AGMs.

Item 17	Climate Action Plan
ASA Vote	For

Summary of ASA Position

The company has a sound plan for the reduction of scope 1 and 2 emissions. It is difficult to see what can be done to scope 3 since its biggest customer China is targeting 2060 for achieving a net zero emissions outcome.

Item 18	Renewal of off-market and on-market buy-back authorities
ASA Vote	For

Summary of ASA Position

Non-controversial and we have supported these resolutions in the past.

Item 19	Resolution to hold a meeting for fresh election of directors
ASA Vote	Against

Summary of ASA Position

This is essentially a spill motion which Australian based companies are required to put to the meeting if the company incurs a second strike (an against vote of 25% or more in year following receiving a first strike) on the remuneration report. We do not usually support spill motions, especially when we support the remuneration report and see no reason to support this one.

The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FY2021	Target Million GBP	% of Total	Max. Opportunity Million GBP	% of Total
Fixed Remuneration	1.378		1.378	15%
STI - Cash	0.575		1.150	12.5%
STI - Equity	0.575		1.150	12.5%
LTI			5.512	60%
Total	1.953		9.193	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.