

Good result but choppy water ahead

Company/ASX Code	Rio Tinto/RIO
AGM time and date	09:30 on Thursday, 2 May 2023
Location	Grand Ballroom Hilton Hotel 190 Elizabeth Street Brisbane
Registry	Computershare
Type of meeting	Physical AGM with webcast
Monitor	Duncan Seddon, Paul Donohue attending AGM
Pre-AGM Meeting	Yes, with Chair Dominic Barton

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

1. How we intend to vote

No.	Resolution description	Voting intention
2	Approval of the Remuneration Policy	For
3	Approval of the Directors' Remuneration Report: Implementation Report	For
4	Approval of the Directors' Remuneration Report	For
5	Increase to Non-Executive Directors' Fee Cap	For
6	To elect Dean Dalla Valle as a Director	For
7	To elect Susan Lloyd-Hurwitz as a Director	Undecided
8	To elect Martina Merz as a Director	For
9	To elect Joc O'Rourke as a Director	For
10	To re-elect Dominic Barton BBM as a Director	For
11	To re-elect Peter Cunningham as a Director	For
12	To re-elect Simon Henry as a Director	For
13	To re-elect Kaisa Hietala as a Director	For
14	To re-elect Sam Laidlaw as a Director	For
15	To re-elect Jennifer Nason as a Director	For
16	To re-elect Jakob Stausholm as a Director	For
17	To re-elect Ngaire Woods CBE as a Director	For
18	To re-elect Ben Wyatt as a Director	For
19	Re-appointment of auditors	For
20	Remuneration of auditors	For
21	Authority to make political donations	For
22	Amendments to Rio Tinto Limited's Constitution - Class Rights Actions	For
23	Amendments to Rio Tinto Limited's Constitution - general updates and changes	For
24	Renewal of on-market share buy-back authority	For

2. Summary of Issues for AGM

As last year - Russia and China. The future for Pacific Aluminium and Australian alumina operations.

3. Matters Considered

Receipt of 2023 Annual Report

This has been another good year for shareholders with impressive dividends from a large cash flow from the iron ore operations. The first 150 pages of the annual report out of a 300+ page report focuses on the threat of climate change to the company and the steps the company is taking to ameliorate this.

A major threat is that RIO is over reliant on China with 50% 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) would be under pressure to scale back trade with China and on the other the China/Russia alliance would move to reduce dependence on western commodity sources. Either would reduce the flow of the rivers of gold flowing from Rio's iron ore operations.

Another threat to the group's bauxite/aluminium process is the Australian government's intended imposition of a legislated 5% pa reduction in carbon emissions from 215 major emitters of which a number are Rio assets. Some of these assets use coal as a reductant to refine metals and others use it to provide electricity to do so. To counter this RIO has written-off significant levels of capital in the Australian aluminium division. To meet the targets for greenhouse reduction, RIO has signed various MOUs with solar and wind-farm development companies to supply the Gladstone operations with renewable energy. This will come at an increased cost and the ongoing viability of the operations will be challenged if cost blowouts occur in the plans to provide the large quantities of renewable power needed by the Queensland operations.

The following table shows the return on capital employed by the various operating sectors. This clearly shows the success of the company rests on the performance of the iron ore division. The minerals division also performs satisfactorily. However, the copper and aluminium divisions perform poorly. As these two divisions demand high levels of capital this could become a serious issue for the company should the iron ore division fail.

ROCE	2023	2022	2021	2020	2019
IRON ORE	64%	61%	100%	74%	67%
ALUMINIUM	3%	10%	16%	3%	4%
COPPER	3%	6%	14%	6%	5%
MINERALS	13%	22%	21%	14%	15%

Financial performance

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

Key Board or senior management changes

The board continues to be revitalised with another three new board members.

See [ASA Voting guidelines](#) and [Investment Glossary](#) for definitions.

Summary (Commsec and company data)

(As at FYE)	2023	2022	2021	2020	2019
NPAT (\$m)	14,707	18,322	29,071	12,684	11,433
UPAT (\$m)	NA	13,275	21,380	12,448	10,373
Share price (\$A)	136.03	115.32	99.82	114.87	102.93
Dividend (cents)/share	636	1,048	1,422	723	632
TSR (%)	22.50	27.70	-1.70	20.70	40.40
EPS (cents)	985	1105	1813	920	1037
CEO total remuneration, actual GBPm)	8.451	4.808	2.788	7.224	5.999

For 2023, the CEO's total actual remuneration was 155 times the Australian Full time Adult Average Weekly Total Earnings (based on November 2023 data from the Australian Bureau of Statistics).

4. Rationale for Voting Intentions

Item 2 Approval of Directors Remuneration Policy For

Item 3 Approval of Directors Remuneration Report: Implementation Report For

This resolution is binding and is required for UK law purposes.

We note the redesign of the short-term incentive plan and change in performance metrics for the coming year. Generally, the remuneration report is comprehensive and ticks all of the boxes we would wish for, including vesting of 50% of the short-term incentives and long period LTI plan (5 years).

We note that in this year's proposal the maximum salary that can be earned incorporates a bonus if a share price increase of 50% is achieved. The measurement of this and its application is not clear.

We have supported these means in the past and continue to support the remuneration policy.

Item 4 Approval of Directors Remuneration Report For

This resolution is required under Australian law.

Item 5 Increase in Non-Executive Directors Fee Cap For

The current cap is US\$3.0 million and was last approved in 2009, so it has not changed in the last 15 years.

It is proposed to increase the cap to US\$4.0 million, which seems a reasonable request to us.

Items 6 to 18 Director Elections

As a dual listed company, Rio Tinto requires all directors to submit for election each year. We will support the re-election of directors to the board unless there has arisen a circumstance that we should vote otherwise.

A major Board renewal has taken place in the past year. Consequently, many of the Directors have low levels of share ownership which we would like to see increased in future years. We believe the value of shares owned by a Director should exceed the annual fees earned and that this level should be attained within three years of appointment.

The following Table summarises the director's remuneration and qualifications.

2023	CASH INCOME (FEES)	SHARES PLC	SHARES LTD	VALUE (US\$)	SHARE /FEES	OTHER DIRECTORSHIPS	QUALIFI-CATION	APPOINT-MENT	BOARD ATTEND-ENCE
	USD								
Dominic Barton BBM (Chair)	\$938,000		11900	\$746,011	79.53%	Leap Frog Investments; U. Waterloo	Fmr Canadian ambassador to China	2022	7/7
Jacob Stausholm (CEO)		95389		\$5,979,936				2018	7/7
Peter Cunningham (CFO)		63065					Accountant	2021	7/7
Dean Dalla Valle	\$125,000	0	0	\$0.	0.00%	Hysata (Chair)	40y BHP (CCO)	2023	4/4
Simon Henry	\$224,000.	2000		\$125,3800	55.97%	Harbour Energy; 7 other advisory roles	30y Shell (CFO)	2017	7/7
Kaisa Hietala	\$181,000	500		\$31,345	17.32%	Smurfit Kappa; ExxonMobil; Tracegrow; Oulu Univ.	Neste (Renewable Products)	2023	6/6
Sam Laidlaw	\$313,000.	7500		\$470,175	150.22%	Neptune Energy; 2 other university roles	Capital Intensive Industries	2017	7/7
Susan Lloyd-Hurwitz	\$126,000		1380	\$86,512	68.66%	Macquarie, Spacecube; 3 gov advisory boards	Environment; equity	2023	4/4
Simon McKeon AO	\$309,0000		10000	\$626,900	202.88%	Monash Uni; NAB; Energy Transitions Steering Group	Financial services	2019	7/7
Martina Merz				\$0		Supervisory board Volvo and Siemens; Zeiss AG; Schott AG	CEO ThyssenKrupp	2024	
Jennifer Nason	\$208,000.	1765		\$110,647	53.20%	American Australian Business Council	Investment banking	2020	7/7
Joc O'Rourke	\$23,000	0	0	\$0	0.00%	Toto; Weyerhaeuser	Barrack Gold	2023	2/2
Ngaire Woods	\$226,000	1482		\$92,906	41.11%	5 advisory roles	Governance (IMF etc)	2020	3/3
Ben Wyatt	\$230,000	400		\$25,076	10.90%	Woodside; APM human Services; West Coast Eagles; 2 other committees	WA politics	2021	3/3

Items 6 to 9 Director Elections – 6,8,9 For, 7 Undecided

Dean Dalla Valle was formerly the Chief commercial Officer of BHP and would be a good asset to the Board of RIO and we will support his election.

Martina Merz has significant industrial experience as CEO of ThyssenKrupp AG and major German engineering conglomerate. Prior to this she worked with Robert Bosch GmbH. She will be a good asset for the Board, and we will support her election.

Joc O'Rourke has had significant mining experience as CEO of The Mosaic Company (phosphate and potash). He has also served with Barrick Gold Corporation. He will be an asset to the company board and we will support his election.

We will determine our voting intention in relation to the election of Susan Lloyd-Hurwitz (resolution 7) at the meeting. She has a background with Lendlease, Mirvac, and Macquarie Group. Her main expertise is in cultural change and diversity and inclusion management. Ms Lloyd-Hurwitz appears to be overboarded, as she holds six board positions, including one at Macquarie Group. The ASA will need reassurance that she has the time to apply to this board position.

Items 10 to 18 Director Elections For

Dominic Barton is the company chairman, Peter Cunningham is CFO of RIO, Jacob Stausholm is CEO of RIO.

We would like to see Ngaire Woods and Ben Wyatt's stake in the Company increase over the coming years.

Item 19 Re-appointment of auditors (KPMG) For

Item 20 Remuneration of auditors For

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.

Audit fees for 2023 were US\$26.6; 2022, \$US25.7M. In addition, non-audit fees were US\$4.2M; 2022, US\$3.3M.

Item 21 Authority to make political donations For

The ASA is opposed to political donations and the company states that it is RIO's policy not to make political donations. However, UK law in this matter may embrace donations to trade organisations and the like which may involve them (the trade organisations) in political activities. This resolution may have its merit in making the point that the shareholders sanction the company that it can donate to such trade organisations which conduct lobbying and other quasi-political activity on behalf of an industry sector (e.g., aluminium industry, mineral council etc.) in which the company has a relevant interest. We supported this motion last year and will do so again.

Item 22 Amendments to Rio Tinto Ltd. Constitution: Class Rights Actions For

Item 23 Amendments to Rio Tinto Ltd. Constitution: General Updates For

As described in the explanatory notes in the notice of meeting, the proposed changes in Resolution 22 relate to "entrenched provisions" in the current Rio Tinto Limited constitution and will only be voted on by Rio Tinto Limited shareholders. There are no contentious issues with either resolution.

Item 24 Renewal of off-market and on-market buy-back authorities For

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

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FY2024	Target Million GBP	% of Total	Max. Opportunity Million GBP	% of Total
Fixed Remuneration	1.6	26%	1.6	15%
STIP (50% cash, 50% shares)	1.3	21%	2.6	24%
PSA (long term shares)	3.2	52%	6.5	61%
Total	6.1	100%	10.6	100%