

Rio Tinto



We have an important role to play in supporting and enabling the transition to net zero emissions. So, we have to put net zero transition at the heart of our business strategy.

[Rio Tinto website](#)

Engagement rationale

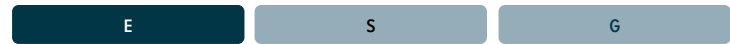
The iron and steel industry contributes about 8% to global emissions. As one of the largest suppliers to the steel industry Rio Tinto can plan play an important role in reducing this carbon footprint over time. From an economic point of view, the risk to the company could be that the introduction of a (global) carbon tax would significantly impact the entire steel value chain, and the company should be well prepared to mitigate this impact.

Background

Rio Tinto is one of the largest mining companies in the world. The main commodities that the company produces are iron ore, copper and aluminum. Iron ore is used to make steel which is a very emissions intensive process. The same also holds for the manufacturing of aluminum depending on the source of electricity used.

Theme for engagement

Environmental - Climate



Development

Neutral

Milestone



Engagement objectives

- In November 2021 Rio Tinto came out with more ambitious carbon reduction targets for 2025
- At the investor seminar the company also came out with an ambitious \$7.5bn investment plan to support their decarbonisation plans.
- Important building blocks are the repowering of the Pacific Aluminum operations and investing in renewable energy in Pilbara.
- Inclusion of Scope 3 emissions in company targets (estimated to be 95% of total emissions) is a point of discussion. We aim for inclusion into company targets going forward.
- The company is considering whether and if so, how to take sustainability goals into account in the long-term incentive program for management.

Engagement results

- Plans to re-power two Australian aluminum smelters should have a significant positive impact on Rio's scope 1& 2 emissions.
- Company is looking into incorporating carbon emission reduction targets into LTIP
- Rio Tinto is working on several pilot plans to bring down the CO2 footprint of the steel making supply chain, but these remain early stage
- Discussions on setting scope 3 targets remain ongoing

Next steps

- Continue to push for scope 3 targets as well as incorporation of carbon reduction plans into LTIP
- Monitor progress on meeting 2025 and 2030 carbon reduction targets
- Continue to push for more disclosure on green revenues and capex alignment with green revenues



Company

Rio Tinto

Country

Australia / United Kingdom

Sector

Materials

Market cap

€98 billion

Materiality

High

ESG Research

MSCI ESG rating: A
Sustainalytics score: 32.5 (high risk)

Engagement initiated

Q2 2022

Latest update

Q4 2023

Kempen Fund

Global High Dividend
European High Dividend

