

Analysis: Rio Tinto's 2025 Climate Action Plan (CAP)

Sustained investor engagement and escalation has driven significant improvements in disclosure and strategy – but material delivery risks remain.

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Executive summary

Investor engagement has played a pivotal role in shaping and strengthening Rio Tinto's approach to climate. Since the release of the company's first Climate Action Plan (CAP) in 2021, sustained investor scrutiny and dialogue have helped drive improvements in transparency, governance, and the company's strategic direction on decarbonisation.

Building on this momentum, Rio Tinto's 2025 CAP demonstrates the extent to which the company has moved. Investors can claim significant wins from the company's improved disclosures on scope 3 emissions and steel decarbonisation spend, its enhanced climate policy engagement and strengthened governance framework.

However, as the need for a faster energy transition becomes more critical for long-term investors, further engagement is needed to address the 2025 CAP's shortcomings. Rio Tinto remains the highest scope 1 & 2 emitter amongst its peers, has used offsets to meet its near-term scope 1 & 2 targets, and is using an emissions reduction pathway that does not appear to be aligned with the Paris Agreement.

Further investor engagement will be needed to ensure that Rio Tinto develops the capability to more strongly position itself to deliver long-term value in an accelerating energy transition.

Key findings

Value chain emissions (scope 3)

- Scope 3 emissions remain significant at a company and global level, but Rio Tinto has made significant progress on disclosures and its engagement with steel decarbonisation - it now partners with 40 organisations across 10 countries and has committed \$200-350 million¹ to 2027. However, it still does not have an overall medium or long-term scope 3 reduction target.

Operational emissions (scope 1 & 2)

- Rio has ambitious scope 1 & 2 targets and is making progress, but will need to more than double what it has reduced to date (4.9 MtCO₂e) to meet its goal of a 50% reduction (13 MtCO₂e) in emissions by 2030.
- Accelerating the uptake of renewables and other green technologies will be key to decarbonising Rio's aluminium operations – responsible for 77% of the company's scope 1 & 2 emissions, but the use of offsets to meet its near-term target is a concern for ACCR.
- Despite the company's stated support, its reduction pathway does not appear to align with the Paris Agreement.

Capital allocation

- Rio's revised capital guidance for its decarbonisation spend reflects a shift toward renewable PPAs and offsets over direct structural investment. However, while PPAs can be effective, they cannot replace the large-scale investments in zero emissions technologies required to decarbonise areas like metals and minerals processing, and diesel use.

Climate policy advocacy and lobbying

- Asset-level policy briefings and stronger disclosures reflect a genuine shift towards constructive advocacy. However, Rio's undisclosed lobbying in 2024 to weaken proposed Australian Government climate provisions damaged trust. The company can also further improve its industry association disclosures.

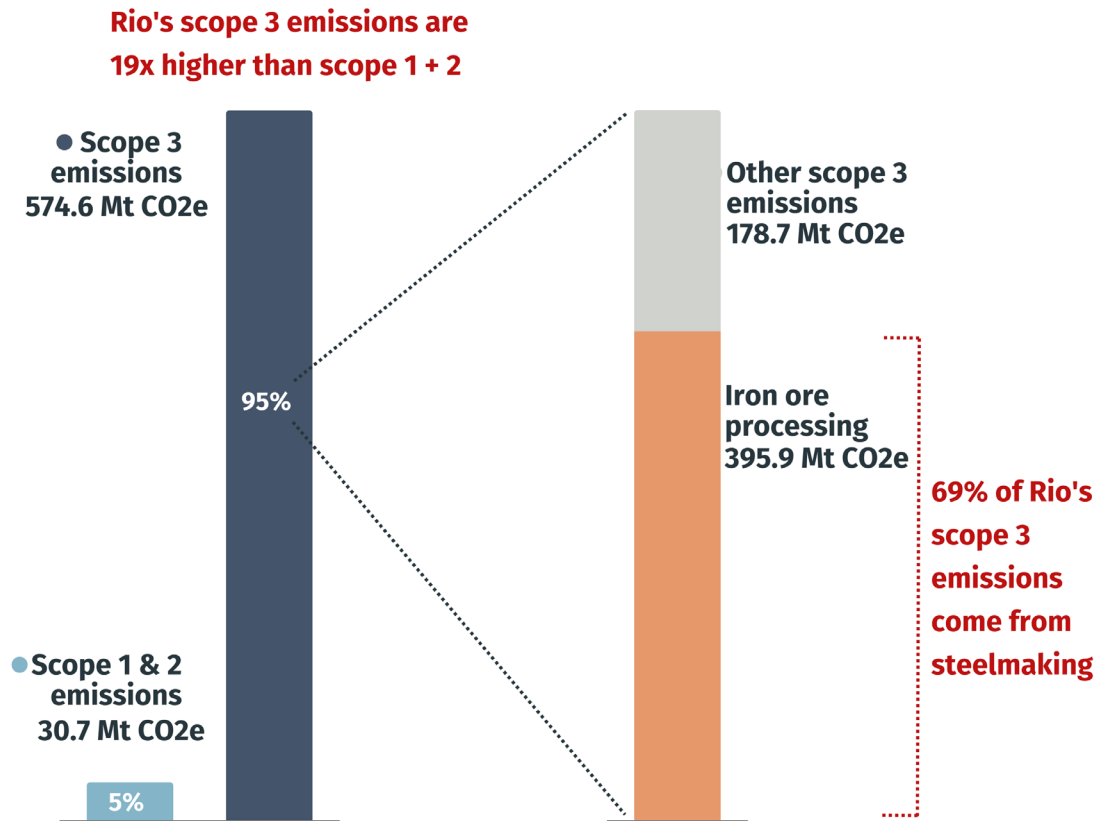
1. All \$ currencies are USD unless otherwise stated.

Value chain emissions (scope 3)

Rio Tinto has substantially improved its scope 3 disclosures, is spending more on steel decarbonisation and developing a variety of partnerships – but it still has no overall medium or long-term scope 3 target.

Rio Tinto's scope 3 emissions from steelmaking are significant at a company and global level

Chart 1: Breakdown of Rio Tinto's 2024 emissions by scope and source



Rio's scope 3 emissions represent 95% of its overall emissions footprint. Of these scope 3 emissions, 69% (395.9 MtCO₂e) come from steelmaking.

In 2023, the processing of Rio's iron ore accounted for 14% of global steelmaking emissions.¹

Collaborating with customers to decarbonise the steelmaking process is Rio's largest opportunity to reduce its carbon footprint.

Data: Rio Tinto Annual Report 2024

1. Global steelmaking emissions: 2800 MtCO₂e (International Energy Agency (IEA), World Energy Outlook (WEO) 2024, p. 300); Rio steelmaking emissions: 395.9 MtCO₂e (Rio Tinto, 2024 Sustainability Factbook).

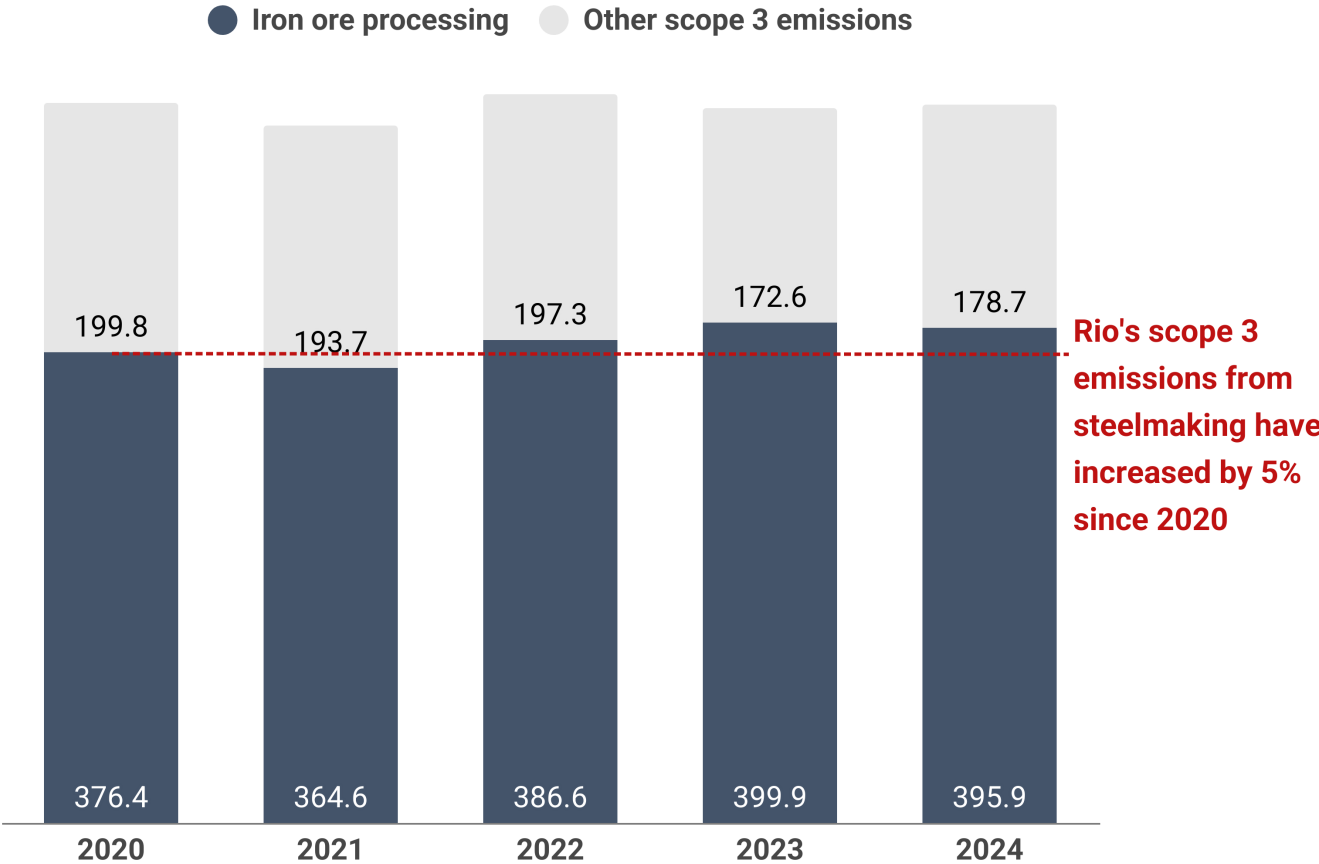
No progress yet: Rio Tinto’s scope 3 emissions have not dropped, and in line with the global steel sector, its steelmaking-related emissions have increased since 2020

Since 2020, Rio’s scope 3 emissions from steelmaking have increased by 5% – from 376.4 to 395.9 MtCO₂e.

This aligns with trends in the broader global steel sector, which is yet to materially reduce its emissions.¹

As the second largest iron ore supplier in the world,² Rio Tinto can play a leading role in developing and scaling up the fossil-free technologies required to reduce scope 3 emissions.

Chart 2: Rio Tinto’s scope 3 emissions (MtCO₂e) from 2020-2024



Source: Rio Tinto 2024 Sustainability Factbook

1. IEA, WEO 2024, p. 300.
2. Markets.com, March 2024, [List of top performing iron ore mining companies](#).

The 2025 CAP improves disclosures on Rio Tinto’s efforts to accelerate steel decarbonisation, which means investors now have more information to evaluate the company’s scope 3 strategy

Table 1: Assessment of Rio's disclosure commitments and whether they are met in the 2025 CAP

Rio Tinto's committed disclosures ¹	Disclosed in 2025 CAP?	Notes
Actual expenditure on steel decarbonisation and forecast spend over a three-year period	Yes	
Capital expenditure on Rio-led projects and its financial contributions to partnerships (subject to commercial agreements)	Partial	Capital expenditure was only given for Rio's Biolron project.
Known milestones and timelines, anticipated expenditure and potential abatement opportunities of announced projects and partnerships (subject to joint venture partner approvals)	Yes	
Potential abatement opportunities of announced projects and partnerships that are aligned to industry abatement curves and net zero decarbonisation scenarios	Partial	The potential abatement values of Rio's projects were omitted from the 2025 CAP.
Identify and advocate for policies, frameworks and regulations that support steel decarbonisation projects	Yes	Provided in Rio's briefing paper on decarbonising the steel value chain. ²

“ ”

Constructive dialogue with CA100+, ACCR and others on the practical approaches we are taking to address scope 3 is helpful in shaping our strategy and our reporting in this area.

Chief Commercial Officer,
Rio Tinto³

1. Rio Tinto, 2024, [Continuous improvement in climate disclosures for steel decarbonisation](#).
2. Rio Tinto, [Climate Change](#).
3. Climate Action 100, 2024, [Rio Tinto commit to enhanced Scope 3 Measures](#).

While its disclosures have improved, Rio Tinto has not yet set a measurable scope 3 target for steelmaking or any other scope 3 category

Rio does not yet have:

- an overall measurable scope 3 target
- a net zero scope 3 target.

The company is in a much stronger position to set a scope 3 emissions target now when compared to 2021, given its increasing ambition, collaborations and investment in green iron and steel.

By setting a clear and quantifiable scope 3 target, Rio would signal leadership and commitment to its role in decarbonising the value chains it is part of. It will also give Rio’s investors confidence that the transition risks across those value chains are being effectively managed.

Table 2: Peer comparison of measurable scope 3 targets set by iron ore miners

Mining Company	Measurable medium-term scope 3 target	Measurable net zero scope 3 target
Rio Tinto	Pilbara: None IOC ¹ : 50% net reduction by 2035 (2022 baseline)	None
BHP	None	Goal: Net zero emissions by 2050
Vale	15% net reduction by 2035 (2018 baseline)	Target: Net zero target by 2050
Fortescue	7.5% reduction in emissions intensity (FY2021 baseline)	Target: Net zero target by 2040

Source: Company disclosures

1. IOC: Iron Ore Company of Canada.

In 2024, Rio spent more on steel decarbonisation than BHP, but still underspent its own commitment

Rio spent \$65 million on steel decarbonisation in 2024,¹ compared to BHP, who spent \$26 million. However:

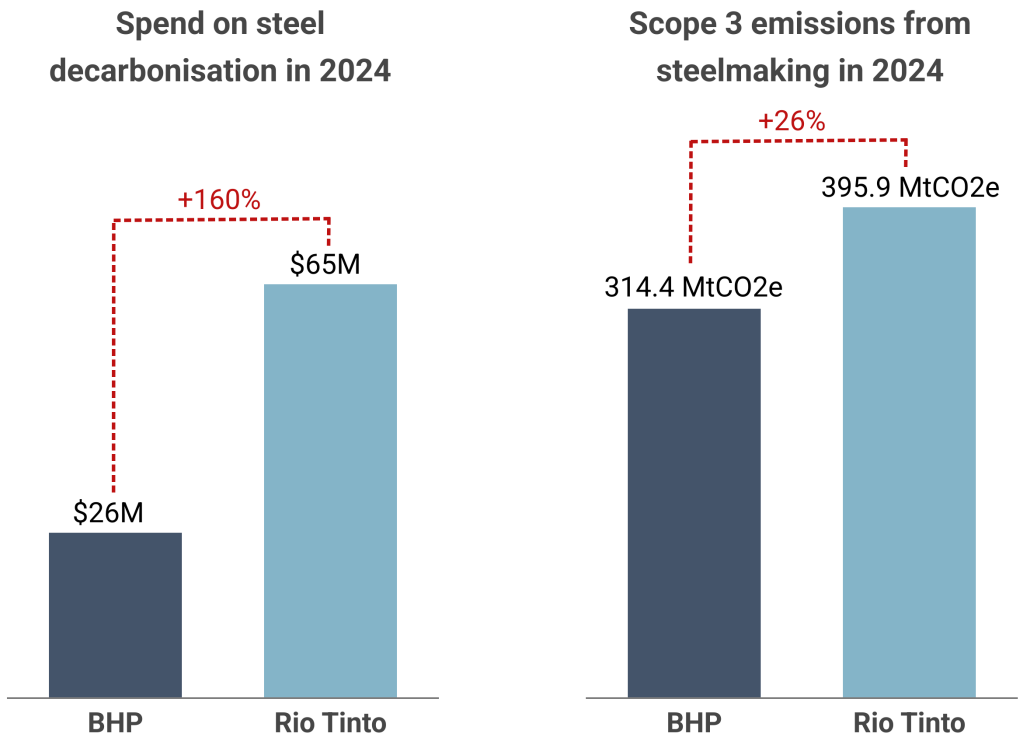
- Rio expected to allocate \$100 million to steel decarbonisation in 2024²
- this spend is small relative to the size of Rio’s iron ore earnings. To put it into perspective, Rio's iron ore business generated more than \$65 million in EBITDA every two days in 2024.³

Understanding the reasons behind this shortfall – whether due to delays, project cancellations, or reallocations – will be important for investors when assessing Rio’s ability to deliver on its commitments.⁴

Over the 2025-2027 period, Rio has forecast that it will spend \$200-350 million on steel decarbonisation.⁵ In contrast, BHP has committed only \$75 million over the 2025-2029 period.⁶

Vale and Fortescue, while progressing steel decarbonisation projects of their own, do not disclose a comparable investment metric.

Chart 3: Rio Tinto spent more than BHP on steel decarbonisation in 2024



Note: BHP emissions and spend reported for FY2024.
Source: Company disclosures

1. Rio Tinto Annual Report 2024, p. 59.
2. Rio Tinto 2023 Climate Change Report, p. 31.
3. Calculated from Rio's annual iron ore EBITDA: \$16.25B (2024 Annual Report, p. 167).
4. Rio Tinto 2023 Climate Change Report, p. 31.
5. Rio Tinto Annual Report 2024, p. 59.
6. BHP Climate Transition Action Plan 2024, p. 25.

Rio Tinto is well-positioned to profit from an emerging low-carbon steel market for its high-grade iron ores, but securing green earnings for its Pilbara iron ores will require further effort

Rio's **high-grade iron ore** in Canada and planned growth in Simandou see it positioned to benefit from growing green steel demand and reduce its scope 3 emissions (Table 3).

It has already signed two supply agreements with European green steel companies,^{1,2} a sign of early progress in aligning with the industry's shift toward low-carbon steel production.

However, more work is needed to commercialise the green pathways for **mid-grade Pilbara ores**, Rio's core business and largest source of EBITDA (Chart 4).

Rio is jointly developing an Electric Smelting Furnace technology, NeoSmelt, which has the potential to enable fossil-free steel production using Pilbara ores. However, the pilot phase remains a few years away. Rio is targeting a 2026 launch, but the latest project update suggests startup will be in 2028.³

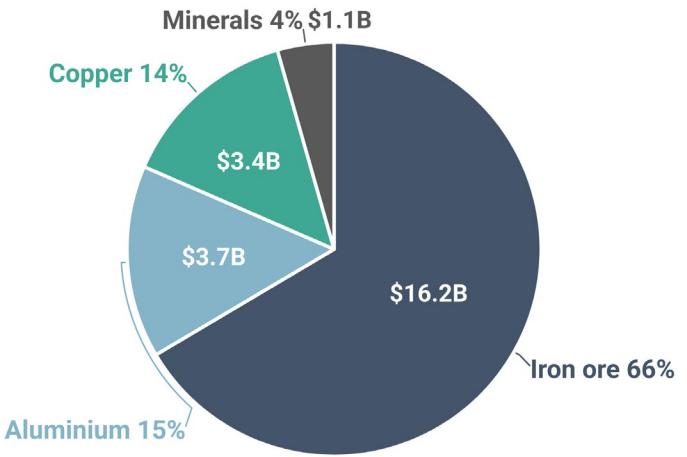
Investors should monitor progress closely and assess whether the company's timeline and interim milestones are sufficient to maintain competitiveness and deliver emissions reductions at scale.

Table 3: Overview of Rio Tinto's iron ore assets

Asset	Iron ore grade	Production (Equity)
Pilbara	Mid	278.2 Mtpa
Iron Ore Company of Canada (IOC)	High	9.5 Mtpa
Simandou	High	27 Mtpa ⁴

Source: Rio Tinto Annual Report, p. 278

Chart 4: Rio Tinto's 2024 underlying EBITDA breakdown by segment



Note: Percentages rounded to the nearest whole
Source: Rio Tinto Annual Report, p. 168

1. Stegra, 2023, [H2 Green Steel signs agreements with Rio Tinto for direct reduction iron ore pellets and hot briquetted iron](#).
2. Rio Tinto, 2024, [Rio Tinto and GravitHy join forces to accelerate the decarbonisation of steelmaking in Europe](#).
3. BlueScope, 2023, [BlueScope, BHP & Rio Tinto select WA for Australia's largest ironmaking ESF pilot plant](#).
4. Rio's estimated share of production capacity once operations have ramped up.

Rio Tinto is yet to update its target for scope 3 shipping emissions in line with revised guidelines

Rio's target for shipping emissions has not been updated to align with the International Maritime Organisation's (IMO) revised guidelines, set in 2023.¹

Rio's current target is to reduce emissions intensity by 40% from a 2008 baseline by 2030, which aligns with the IMO's 2018 guidelines.

It has made good progress on this target, ending 2024 with a 39% reduction.

However, the IMO's updated guidelines increase ambition, targeting:

- a 20-30% reduction in absolute emissions by 2030
- a 70-80% reduction in absolute emissions by 2040
- net zero greenhouse gas emissions from international shipping by or around 2050.

If Rio aligns its targets with those of the revised guidelines, which are expected to become mandatory in 2027, it would help the company further reduce its scope 3 footprint while staying on track to meet the IMO's regulatory requirements.

1. International Maritime Organisation, [2023 IMO Strategy on Reduction of GHG Emissions from Ships](#).

Operational emissions (scope 1 & 2)

Rio Tinto has ambitious medium-term targets and is making progress, but needs to accelerate its uptake of renewables and other green technology so it avoids relying on offsets.

Rio Tinto’s medium-term operational emissions targets remain some of the most ambitious amongst its peers, but it needs to accelerate on delivery

Rio releases the most operational emissions of its peer group, primarily due to its aluminium smelters and significant power demand.

Its operational emissions targets were sector-leading when announced in 2021, and are more ambitious than the targets of many peers, including BHP and Vale.

However, delivery is lagging. Rio only narrowly met its 2025 target by retiring offsets, and needs to more than double what it has reduced to date to meet its 2030 target.

Rio’s transparency about the barriers it faces – including energy access and technology deployment timelines – provides investors with clarity about the company’s progress and reinforces the need for active engagement to ensure it stays on track.

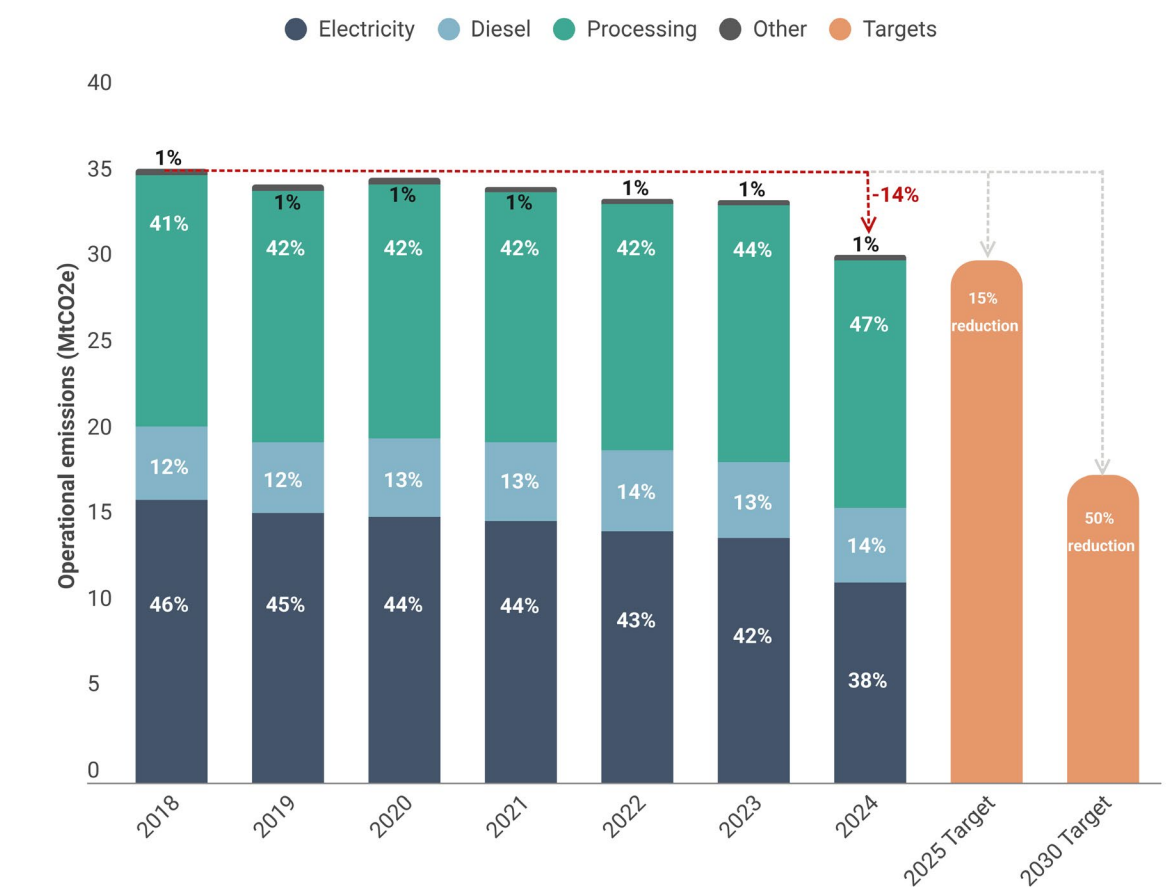
Table 4: Operational emissions targets of major mining companies

Mining Company	Mid-term operational target	Long-term operational target
Rio Tinto	15% by 2025 50% by 2030	<u>Target:</u> Net zero by 2050
BHP	At least 30% by 2030	<u>Goal:</u> Net zero by 2050
Fortescue	Zero emissions by 2030 for Australian terrestrial iron ore operations	-
Vale	33% by 2030	<u>Target:</u> Net zero by 2050

Source: Company disclosures

Rio Tinto relied on offsets and electricity emissions reductions to meet its 2025 target, while its emissions profile remains largely unchanged

Chart 5: Rio Tinto’s climate targets and emissions, 2018-2024, by source



Source: Rio Tinto, 2024 Sustainability Factbook

Rio has reduced its operational emissions by 14% since its 2018 baseline.

Progress came primarily from reducing electricity emissions, reflecting the rollout of renewable energy Power Purchase Agreements (PPAs), though barriers have delayed further deployment.

However:

- **the company only met its 2025 target by retiring offsets**, which brought the net reduction to 17%
- **diesel and processing emissions have remained largely flat**, comprising 61% of Rio’s operational footprint in 2024.

For Rio Tinto to achieve its 2030 target, the hardest work lies ahead

Rio needs to cut another 13 MtCO₂e – doubling what it has reduced to date - to meet its 2030 operational emissions target.

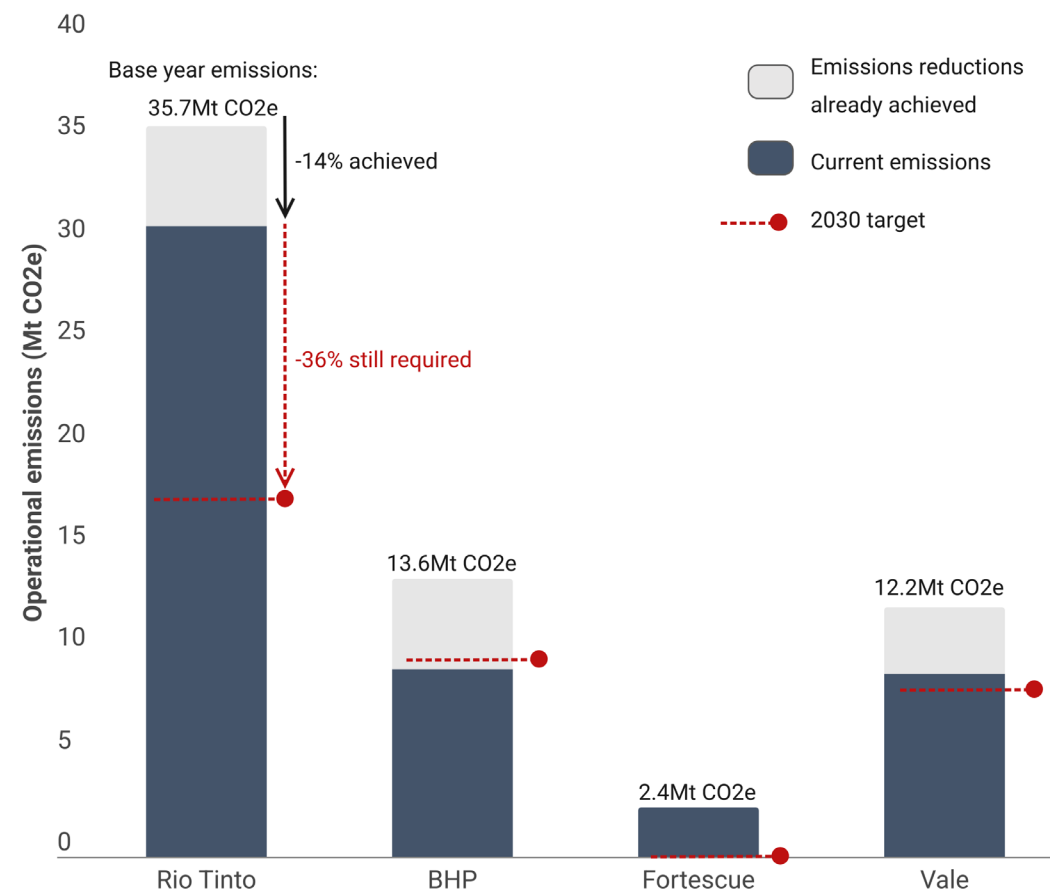
Offsets will be capped at 10% of Rio's 2018 baseline emissions, meaning that 40% of the company's reductions must still come from its operations.

Slow progress on renewables needs to be addressed, as does persistent emissions from diesel, which remain largely unchanged ([Chart 5](#)), despite promising trials with electric haul trucks and renewable diesel at select sites.

For Rio, a rapid deployment of decarbonisation technologies, faster capital allocation and decisive delivery is required.

Sustained engagement and escalation by investors, along with policy support, will be crucial before 2030.

Chart 6: Progress towards 2030 operational emissions targets (MtCO₂e)



Source: Company disclosures

Decarbonising aluminium smelting is key to reducing Rio Tinto's operational emissions

Aluminium smelting accounts for 77% of Rio's operational emissions. This is due to coal and gas-powered smelters and refineries.

The challenges for reducing these emissions include:

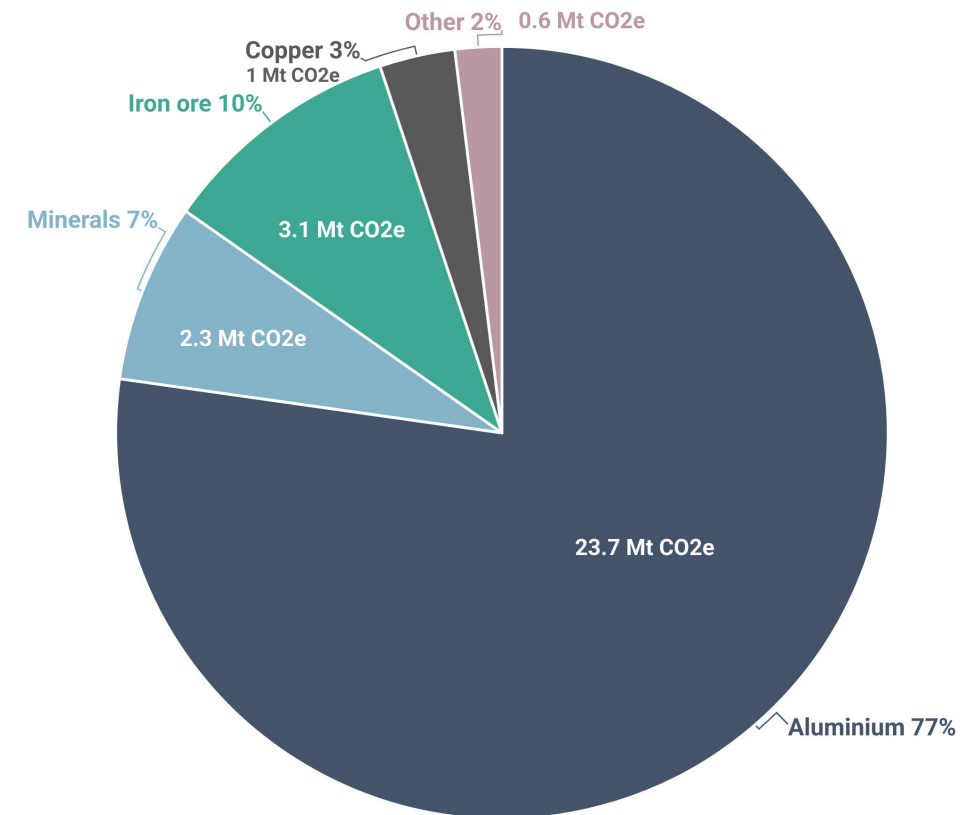
- **Renewables uptake** – While 2.2 GW of renewable PPAs have been signed,¹ just 34 MW has been installed to date,² highlighting delays in deployment and the need for clearer timelines.
- **Development of commercially ready technology for greening aluminium production** – Emerging technologies (including ELYSIS, hydrogen calcination, and electric boilers) remain in pilot or feasibility stages, with no commercial rollout yet.³



Policy Spotlight

The Australian Government's \$2 billion [Green Aluminum Production Credit](#) (announced January 2025) will provide per-tonne incentives for smelters that reduce scope 2 emissions using renewable electricity. This landmark support — available from 2028 — could be a gamechanger for Rio's coal-powered, Pacific Aluminum smelters, but timely action and eligibility will be key.

Chart 7: Rio Tinto's 2024 operational emissions by segment (MtCO₂e, scope 1 and 2)



Source: Rio Tinto 2024 Sustainability Factbook

1. Renew Economy, 2025, [Rio signs Australia's biggest wind energy deal to help power giant smelter and refineries](#).
2. Rio Tinto Annual Report 2024, p. 48.
3. Ibid.

Rio Tinto's reliance on nature-based solutions to offset fossil carbon emissions is not scientifically credible and delays sustained, structural emissions reductions

Rio says it will use nature-based solutions (NBS) to meet up to 10% of its 2030 target (3.6Mt is 10% of Rio's 2018 baseline emissions).

Biological carbon avoidance or removal activities (aka NBS) are not permanent forms of CO₂ storage and cannot offset fossil fuel emissions.

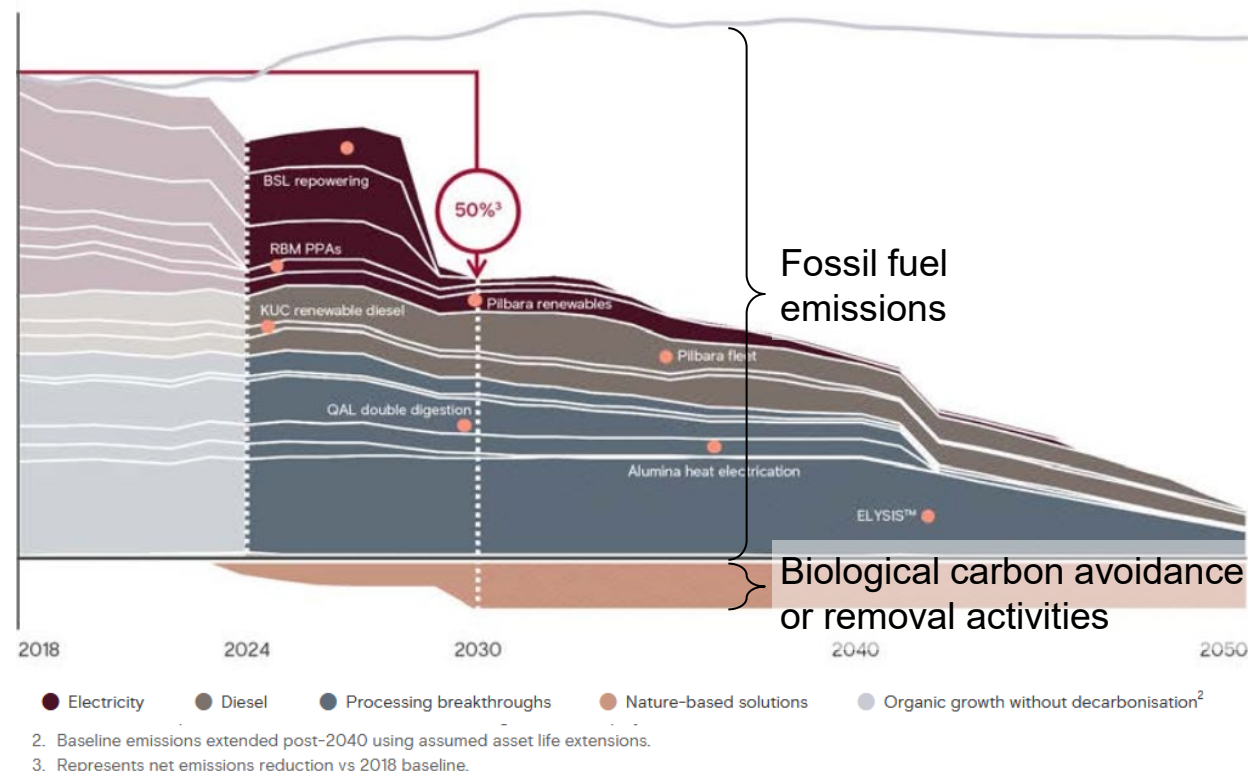
CO₂ storage in vegetation, soils and sediments through NBS can only offset fossil CO₂ emissions if preserved and managed for at least 1,000 years. This is a timescale that is broadly understood to be extremely unlikely given a range of factors, including our current warming trajectory.

Scientific literature clearly stipulates that NBS ought to be seen “as a complement to (rather than as an offset for) fossil fuel emission reductions”.¹

While the Australian Government made the unscientific choice to allow the unlimited use of NBS Australian Carbon Credit Units (ACCUs) in the design of the Safeguard Mechanism, Rio does not need to repeat that error in the meeting of its voluntary emissions targets.

A reliance on offsets undermines Rio's ability to deliver sustained, structural emissions reductions. It further highlights the need for Rio to engage in positive advocacy for policy settings that assist in addressing the barriers to decarbonisation in a meaningful way, as the company committed to in its negotiation with ACCR in 2023.²

Chart 8: Rio Tinto is relying on offsets to achieve its net 50% emissions reduction target in 2030



Source: Figure amended from Annual Report 2024

1. Matthews et al., 2023, [Accounting for the climate benefit of temporary carbon storage in nature](#).
2. Rio Tinto, 2023, [Rio Tinto engages with investor and civil society organisations on enhanced advocacy approach](#).

Rio Tinto's emissions reduction pathway does not appear to align with the Paris Agreement

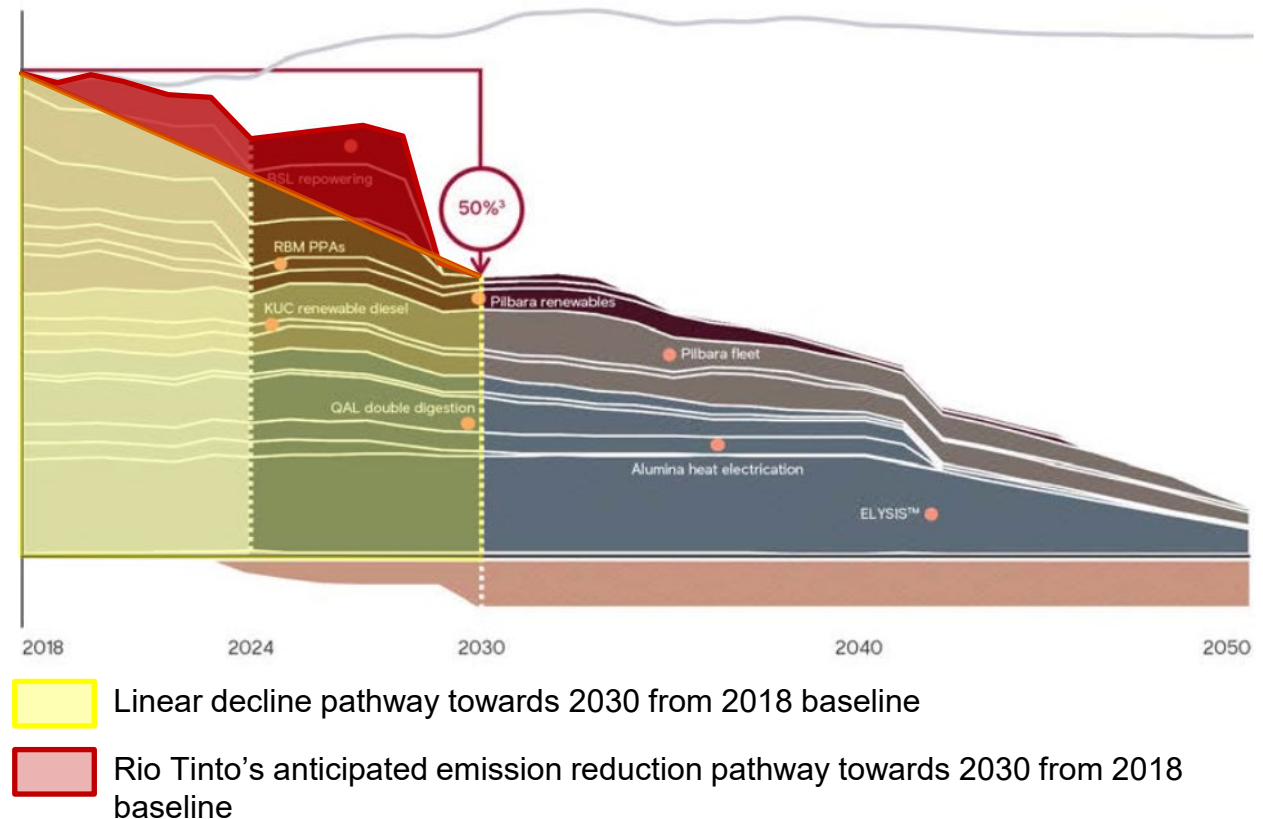
Rio argues that its emissions reduction targets are aligned with “efforts to limit to 1.5°C¹ when [...] set in 2021.”²

Given the limited progress to date, it's unclear to ACCR how Rio's emissions reduction pathway could still be aligned, as alignment depends on cumulative emissions, not targets alone (Chart 9).

Strategic and investment decision-making are also not informed by 1.5°C-aligned scenarios:

- Rio states that because it believes its operational emissions targets align with efforts to limit warming to 1.5°C, its decarbonisation investment decisions also align.³
- However, Rio is not using its 1.5°C scenario (Aspirational Leadership) for strategic or investment decision-making. Its "central case" scenario (Conviction) is aligned with around 2.1°C of warming in 2100.⁴

Chart 9: Rio Tinto's emissions reduction pathway towards 2030 leads to higher cumulative emissions than a linear decline pathway



1. Temperature outcomes are presented with a 50% likelihood.

2. Rio Tinto Annual Report 2024, p. 47.

3. Ibid, p. 44.

4. Ibid, p. 44.

Decarbonisation capex

Rio Tinto's downward revision of its capital guidance reflects a shift toward PPAs and offsets over direct structural investment

Rio Tinto has reduced its guidance for decarbonisation capex, and now expects to meet its targets with less direct investment and more commercial solutions

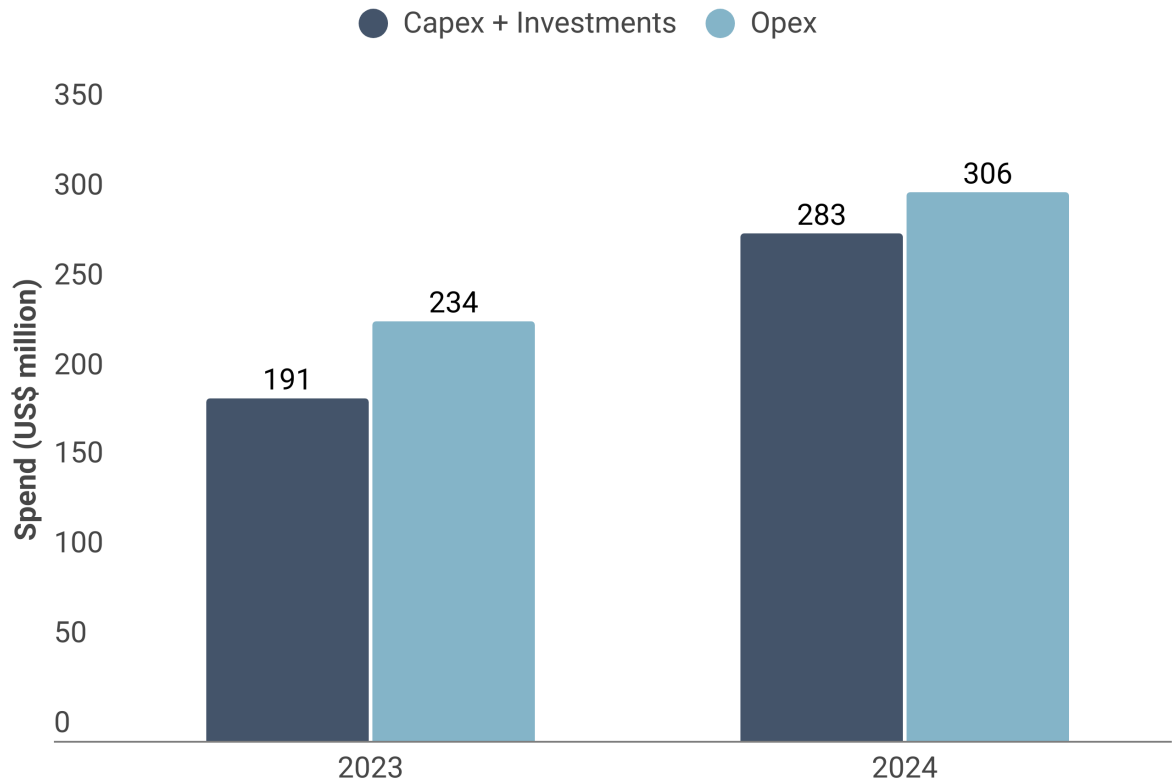
In 2024, Rio spent \$589 million on decarbonisation - up from \$425 million in 2023 (Chart 10). However, its guidance for 2022 to 2030 has been revised down from a \$7.5 billion¹ commitment made in 2021, to the \$5-6 billion range.²

The company now expects ~90% of the emissions reductions it will achieve by 2030 to come from non-capital intensive solutions, including renewable PPAs, renewable diesel and offsets.²

This shift away from direct structural capital investment highlights a more cautious, value-accretive approach, but it comes with challenges:

- While PPAs can be effective, they cannot replace the large-scale investments in zero emissions technologies required to decarbonise areas like metals and minerals processing, and diesel use.
- Continued investor scrutiny is essential to maintain ambition, close the delivery gap, and ensure that Rio commits capital to the deeper changes needed this decade.

Chart 10: Rio decarbonisation spend by category (2023 vs 2024)



Source: Rio Tinto Annual Report 2024, p. 63

1. Rio Tinto, 2021, [Rio Tinto to strengthen performance, decarbonise and grow](#).

2. Rio Tinto Annual Report 2024, p. 63.

Climate policy advocacy and lobbying

Investor engagement has led to more strategic and transparent advocacy from Rio Tinto, but its lobbying misstep in mid-2024 highlights the need for ongoing scrutiny.

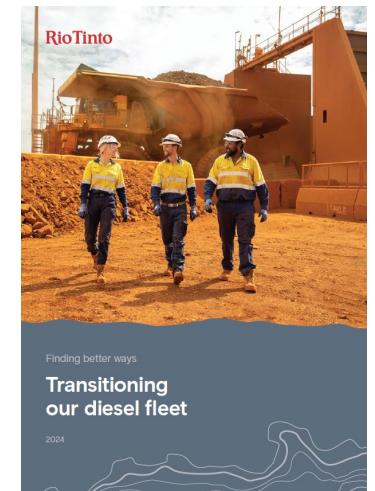
Rio Tinto's climate advocacy is maturing – but investor trust was tested in 2024

- Since 2021, Rio has strengthened and matured its climate advocacy, committing to Paris-aligned principles, supporting carbon pricing and calling for targeted support for hard-to-abate sectors.
- In 2023, Rio committed to an enhanced advocacy approach following investor and civil society engagement – including publishing asset-level briefing papers that outline how policy can support decarbonisation (see right). This reflects a growing recognition from Rio that policy signals are essential to unlocking investment.
- However, in 2024, media reporting revealed that Rio privately lobbied Australia's Prime Minister to weaken proposed climate considerations in the Environment Protection and Biodiversity Conservation Act – contradicting its previous public commitment to positive climate advocacy. Following direct investor pressure, Rio updated its position.
- Governance gaps also remain – While Rio reviews its industry association alignment annually, disclosures lack detail on specific outcomes, misalignments, or consequences for non-aligned associations.

Going forward, investors should look for Rio to:

- strengthen oversight of its climate-related advocacy activities and provide greater transparency regarding its direct advocacy to investors
- provide transparent reporting of outcomes from its industry association reviews; clear escalation mechanisms for its non-aligned associations; and sustained, proactive public advocacy in support of industrial decarbonisation.

Rio Tinto climate briefing papers (2024-25)



Appendix

Rio Tinto 2025 Climate Action Plan: Progress at a glance and key engagement points

Sustained investor pressure and engagement has driven notable improvements in disclosure and strategy – but material delivery risks remain.

CAP Category	2021 CAP	2025 CAP	Engagement Notes
Renewable electricity (37% of scope 1, 2)	<ul style="list-style-type: none"> Aim to install 1 GW of wind and solar capacity in the Pilbara. Develop green repowering solutions for the Boyne Island and Tomago (Pacific Aluminium) smelters. 	<ul style="list-style-type: none"> Majority of operational emissions reductions achieved since 2018 are the result of PPAs. Revised 1 GW capacity aim to 600-700 MW 34 MW installed since 2021 (3.4% of 1 GW aim) at Gudai-Darri, along with battery storage at Tom Price. In 2024, 2.2 GW of renewable PPAs are announced for PacAl operations Substantial progress made on renewables deployment at operations outside of Australia, though these operations only represent 5% of total electricity use. 	<ul style="list-style-type: none"> Win: Progress made on renewable energy procurement. Ask: Greater transparency on renewable energy capacity installed vs announced; clarify timelines for delivering Pilbara renewables and repowering smelters. Risk: Delays in Pilbara projects – significant human rights and social licence risks.
Diesel transition (13% of scope 1, 2)	<ul style="list-style-type: none"> Advance deployment of zero emissions trucks. Phase out purchase of diesel haul trucks and locomotives by 2030. 	<p>Electrification</p> <ul style="list-style-type: none"> Progressed partnership with BHP to test battery-electric haul trucks in the Pilbara. Data to be collected in 2025 and 2026. Two-year partnership with China’s State Power Investment Corporation (SPIC) to test battery swapping technology and infrastructure <p>Renewable diesel</p> <ul style="list-style-type: none"> Achieved 95% diesel displacement at Kennecott operations; continued renewable diesel use at Boron; purchased land for Pongamia seed oil feedstock generation pilot. 	<ul style="list-style-type: none"> Win: Demonstrated pilots (battery-electric trucks, renewable diesel). Ask: Clarify roadmap to 2030 diesel phase-out; greater detail on timeline to scaling electric truck technology. Risk: Reliance on pilots with long timelines; cost and supply risks for renewable diesel.
Processing minerals and metals (48% of scope 1, 2)	<ul style="list-style-type: none"> Advance the use of hydrogen in alumina refineries. Bring ELYSIS to commercial scale by 2024 at Alma smelter. 	<p>Aluminium anodes</p> <ul style="list-style-type: none"> Delays in scaling ELYSIS – commissioning expected in 2025. \$285m investment in partnership with Government of Quebec to build ELYSIS demonstration plant at Arvida smelter. <p>Alumina processing</p> <ul style="list-style-type: none"> Multiple pilot and feasibility studies underway across digestion (double digestion, mechanical vapour recompression), calcination (hydrogen, electric) and fuel switching (electric, thermal energy storage). No final investment decisions yet as projects are in early stages. <p>Minerals</p> <ul style="list-style-type: none"> BlueSmelting validated for ilmenite ores; hydrogen used at RTIT Quebec. JV with Aymium, “Evolys” scaling ‘metallurgical biocarbon’ as anthracite substitute. Product to be used at RTIT Quebec. Full deployment depends on renewable energy access in Quebec. 	<ul style="list-style-type: none"> Win: Investment in ELYSIS and early-stage decarbonisation technologies (TES, MVR). Ask: Timeline and capex for full commercialisation of ELYSIS unclear; progress on digestion electrification limited. Risk: Slow progress may lock-in emissions; high dependency on third-party funding and/or technology readiness.

Rio Tinto 2025 Climate Action Plan: Progress at a glance and key engagement points

CAP Category	2021 CAP	2025 CAP	Engagement Notes
Scope 3 (95% of total emissions)	<ul style="list-style-type: none"> Commitment to engage with customers. Investment in multiple low-carbon steel technology pathways. Net zero emissions from shipping by 2050, 40% reduction in intensity by 2025 (against a 2008 baseline). 	<p>Steel value chain</p> <ul style="list-style-type: none"> \$65m spent in 2024; \$200-350m planned to 2027. Active projects across Direct Reduced Iron (DRI), Electric Smelting Furnaces (ESF), Biolron, beneficiation, blast furnace efficiency and carbon capture and storage. Partnering with 40+ entities across 10 countries. Support customers to achieve 20-30% emissions reduction by 2035; targeting a 50% scope 3 cut for IOC by 2035. <p>Aluminium value chain</p> <ul style="list-style-type: none"> Digestion tech implemented with one customer; moisture reduction study approved for Amrun's bauxite. <p>Shipping</p> <ul style="list-style-type: none"> 39% intensity cut vs 2008 baseline (close to 40% goal). 9 LNG dual-fuel vessels in operation. Energy saving retrofits on 17 owned vessels. <p>Procurement</p> <ul style="list-style-type: none"> Engaged 50 top-emitting suppliers. 	<ul style="list-style-type: none"> Win: Significantly enhanced disclosures on scope 3 spend and strategy; good pipeline of steel decarbonisation projects and timelines. Ask: Clarification on how progress is measured; emissions reduction potential of projects. Risk: No overall scope 3 target; reliance on customer action.
Nature-based solutions (Offsets)	<ul style="list-style-type: none"> Build capability to develop carbon offset projects using nature-based solutions and CO₂ mineralisation at or near operations. 	<ul style="list-style-type: none"> Planning to retire 1.1m ACCUs in 2024; limit 10% of offsets towards 2030 target. Spent \$70m in 2024 (up from \$45m in 2023). 	<ul style="list-style-type: none"> Win: Strong disclosures that separate out net and gross emissions reductions. Ask: Clarify the role of offsets post-2030; clarify separation of NBS investments with credits used for compliance or targets. Risk: ACCR believes avoidance credits and NBS should not offset fossil CO₂ emissions due to permanence and integrity issues. Their use risks undermining near-term emissions reductions and should be limited to Beyond Value Chain Mitigation, not core targets.
Capital allocation	<ul style="list-style-type: none"> \$7.5 billion commitment to operational decarbonisation by 2030. 	<ul style="list-style-type: none"> Revised capex guidance down to \$5-6 billion (2022-2030) – Rio expects to deliver the majority (90%) of 2030 abatement through lower-cost, non-capital intensive solutions (e.g. PPAs), rather than through large-scale internal builds. Guidance capex will include voluntary carbon credits and investment in NBS but exclude the cost of carbon credits for compliance. \$589m decarbonisation spend in 2024 (\$283m capex, \$306m opex). 	<ul style="list-style-type: none"> Win: Use of MACC, internal carbon pricing and just transition filters. Ask: Clarify if scope 3 decarbonisation projects form a part of capex guidance. Risk: An overreliance on non-capex intensive solutions such as PPAs may delay structural change.

Rio Tinto 2025 Climate Action Plan: Progress at a glance and key engagement points

CAP Category	2021 CAP	2025 CAP	Engagement Notes
Physical and transition risks	<ul style="list-style-type: none"> Risk framework disclosed, physical risk not evaluated Transition risk evaluated using qualitative approach based on value chain emissions (scope 3) risk 	<ul style="list-style-type: none"> Physical risks assessed using >2.5°C scenarios (SSP 2-4.5 and SSP 5 – 8.5); limited to existing assets. Transition risks evaluated using internal scenarios aligned to 2.1 – 2.5°C warming. 1.5°C scenario (Aspirational Leadership) not used for investment or strategic planning. 	<ul style="list-style-type: none"> Win: Acknowledgement of material physical risks and quantification attempts. Ask: Use of 1.5°C-aligned scenarios to guide strategy and investment decisions. Risk: Current risk assessment excludes future assets and assumes higher warming; the lack of integration of 1.5°C scenarios may expose the business to unmanaged risk.
Climate governance	<ul style="list-style-type: none"> Incorporate climate into Chief Executive's STIP. 	<ul style="list-style-type: none"> Climate-linked STIP (10%) and LTIP (20%) now apply to executives. Board has ultimate responsibility for climate strategy, risk, targets and disclosures. The Rio Tinto Energy and Climate (RTEC) team, led by the Chief Decarbonisation Officer, oversees CAP implementation and reporting. The CAP is put to shareholders every three years. External board recruitment includes climate experience; ad-hoc teach-ins are used to build capacity. Board oversight of advocacy positions; advocacy team structured and active across jurisdictions. 	<ul style="list-style-type: none"> Win: Expanded governance (Board, RTEC, remuneration linkages). Ask: More formal, regular Board climate training; clearer accountability for scope 3. Risk: While its structures have improved, there are still concerns that the Board may lack sufficient climate competency to effectively oversee the delivery of complex decarbonisation strategies and targets.
Climate policy advocacy	<ul style="list-style-type: none"> Disclosure of policy positions and review of industry associations' positions and advocacy annually. 	<ul style="list-style-type: none"> Maintains support for Paris Agreement and 1.5°C target. Updated high-level positions (support for carbon pricing, public funding, product standards). Annual climate alignment of industry associations continued; may suspend membership if misaligned. Published position papers on decarbonisation workstreams and made formal submissions (e.g. on ACCU methodologies, renewable diesel). 	<ul style="list-style-type: none"> Win: Enhanced disclosures on policy positions, submissions and annual industry association reviews. Ask: More transparency on escalation action taken when associations remain misaligned; strong 1.5°C alignment metrics. Risk: Rio's lobbying on the EPBC Act – which contradicted public commitments – was undertaken without appropriate internal oversight or stakeholder engagement. The incident exposed weaknesses in governance and accountability processes for climate-related advocacy, risking misalignment with investor expectations.

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