Implementation Statement, covering 1 April 2022 to 31 March 2023

The Trustee of the Rio Tinto International Pension Fund ("RTIPF" or the "Fund") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the Fund Year, as well as details of any review of the SIP during the Fund Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-5 below.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 6 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on and uses the same headings as the Fund's latest SIP dated March 2023. This Statement should be read in conjunction with the SIP which is available at the website below:

https://epa.towerswatson.com/doc/RTN/pdf/Rio-Tinto-IPF-SIP--.pdf

1. Introduction

The SIP and accompanying IPID were reviewed and updated during the Fund Year, first in June 2022 and then again in March 2023, to reflect:

- further clarification of the Trustee's investment beliefs on environmental, social and governance related matters (including climate change);
- the Trustee's agreed stewardship priorities when engaging with investment managers, following the release of the DWP's guidance on stewardship in June 2022; and
- the strategy changes for RTIPF's Defined Benefit Section, which involved consolidating the seven separate regional equity fund holdings into the L&G All World Equity Index Fund and a restructuring of the Fund's corporate bond and gilt holdings.

As part of these updates, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the policies in the Fund's SIP during the Fund Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Fund Governance

The Trustee established an Investment, Funding and Covenant ("IFC") Committee. The IFC Committee holds quarterly meetings and considers investment, funding, and covenant factors to enable a more integrated approach to risk management. Details of the IFC Committee's duties and responsibilities are set out in separate Terms of Reference documents maintained by the Trustee.

3. Part A – Defined Benefit ("DB") Section

a. Investment Objective

The Trustee has agreed that its long-term objective for the Fund is to increase the funding level towards that required to secure pensions in payment with an insurance company. Progress against the long-term objective was reviewed at each of the quarterly meetings as part of the quarterly performance monitoring and funding update reports.

b. Risk and Return / Diversification of Risks

The Trustee last reviewed its investment strategy in December 2021, following the results of the 2021 Actuarial Valuation, and agreed to implement several changes to its portfolio. Specifically, the Trustee agreed to:

- Consolidate the seven separate regional equity fund holdings into the L&G All World Equity Index Fund to reduce the Fund's UK overweight and simplify governance arrangements.
- Switch the allocation to the L&G Over 15 Year Investment Grade Corporate Bond Index Fund into the L&G All Stocks Investment Grade Corporate Bond Index Fund to reduce the downside risk associated with potential widening credit spreads, whilst maintaining a broadly similar expected return.
- Restructure the gilt holdings as necessary to broadly maintain the Trustee's interest rate and inflation hedging objectives.

These changes were implemented in May 2022.

The Trustee also instructed a disinvestment from the overweight Columbia Threadneedle UK property allocation in March 2023 to bring it closer in line with strategic levels. The proceeds are expected to settle soon after 31 July 2023.

Most of the Fund's assets are managed on a passive basis, except for its UK property allocation where passive management is not possible.

Finally, the Trustee has appointed investment managers that it believes will manage environmental, social and corporate governance ("ESG") risks appropriately on their behalf and from time to time review how these risks are being managed in practice. Further details of work done in the year are provided in Section 5b.

c. Strategic Management

Details of the Fund's strategic benchmark and tolerance ranges are set out in the Investment Policy Implementation Document ("IPID").

d. Cashflow Management and Rebalancing

The tolerance ranges are monitored to ensure the asset distribution remains broadly in line with the strategic benchmark. Compliance with these tolerance ranges is monitored at least quarterly. The actual asset allocation did not deviate materially from the benchmark allocation during the year and therefore no rebalancing action was necessary.

During the year cashflows were principally met by disinvesting from the Fund's bond and equity holdings, given the relatively low transaction costs and liquid nature of these assets.

4. Part B – Defined Contribution ("DC") Section

a. Investment Policy and Objective

Some pension schemes have a "default arrangement" that members' funds are invested in if they do not tell the Trustee how they would like their pension savings to be invested or if certain other conditions are present (as set out in the Administration Regulations). Special governance standards apply to default investment funds.

The Fund does not have a "default arrangement" for the purposes of the Administration Regulations. As such, the special governance standards required under regulation 23(1)(a) of the Administration Regulations relating to the preparation and regular review of a default arrangements do not apply to the Fund.

However, the Fund does have various self-select options available for members, of which some are ready-made portfolios (constructed as composites of the self-select funds). The Trustee refers to the ready-made portfolios as default options, and others are individual funds, which the Trustee believes are suitable for their purpose and enable appropriate diversification. The Trustee monitors the take up of these funds on a quarterly basis.

During the Fund Year, the IFC Committee reviewed the performance of the self-select investment options offered to members on a quarterly basis.

b. Investment strategy

The Trustee did not review the DC investment strategy over the Fund Year. The Trustee last reviewed the strategy and performance of the DC Section's investment options in 2021. Following the review, the Trustee agreed to make changes to the Fund's ready-made portfolios to reduce regional bias within the strategies and improve expected returns. These changes were fully implemented by October 2021.

c. Management of Risk

With regard to the risk of inadequate returns for DC members, the Trustee has made use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the default options are also made available as standalone funds.

To address the risk to DC members from excessive charges, the Trustee undertook a value for members assessment over the period which assessed a range of factors, including the fees payable to managers in respect of the DC Section, which were found to be reasonable when compared against schemes with similar sized mandates. The Fund scored well on charges, administration, governance, and communications.

5. Part C - General

a. Implementation of the investment arrangements

The Trustee intends that negotiated fee structures and termination rights incentivise managers to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund.

The Trustee was comfortable with all of its DB and DC investment manager arrangements over the year.

The Trustee's investment adviser provides a quarterly report for the DB and DC Sections containing commentary on manager performance and details of any developments at managers that may affect the managers' ability to achieve their investment objectives. This included any significant change to the investment process or key staff for any of the funds the Fund invests in, or any material change in the level of diversification in the fund. No actions needed to be taken over the period as a result of the Trustee's monitoring process.

b. Consideration of financially material and non-financial matters

ESG factors are sources of risk to the Fund's investments, which could be financially material, over both the short and longer term. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and, from time to time, review how these risks are being managed in practice.

There are several steps the Trustee has taken in achieving this, as set out below:

- As part of its advice on the selection and ongoing review of the investment managers, the Fund's investment adviser incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

- In March 2023, the Trustee reviewed LCP's responsible investment scores for the Fund's existing managers and funds, along with its investment advisor's qualitative responsible investment assessments for each fund and red flags for any managers of concern. The Trustee was comfortable with the outcome of the review and no further action was taken.

- During the Fund Year, the Trustee considered adding an RI fund to the self-select range. However, given the limited range of ESG options on the BlackRock platform, the Trustee decided not to add an ESG fund to the self-select range. While the IPF's self-select funds do not have explicit ESG integration, they still benefit from BlackRock's high quality stewardship processes, which the Trustee is comfortable with.

- In an effort to understand the potential impact of climate change on the Fund's DB members, based on the DB sections' current investment strategy, the IFC Committee considered climate scenario analysis prepared by its investment adviser in November 2022. The scenarios considered were: i) a failed transition, where the goals of the Paris Agreement are not met (i.e. average global warming is c.2°C by 2050 and c.4°C by 2100, compared to pre-industrial levels); ii) an orderly transition where the Paris Agreement goals are met (i.e. average global warming stabilises at 1.5°C above pre-industrial levels); and iii) a disorderly transition where the Paris Agreement goals are met. The analysis concluded that the funding position of the Fund's DB section could be negatively affected by climate change, largely as a result of its equity exposure. The scenarios were not modelled for DC members of the Fund as the cost of doing so was not proportionate to the relative size of the DC Section.

- Finally, Investment Managers are invited to present at the quarterly IFC Committee meetings and, periodically, to attend ad hoc meetings (e.g. where a fund selection exercise is being undertaken). During the Fund Year, no such presentations took place in relation to the RTIPF.

c. Stewardship

The Trustee recognises its responsibilities as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies and exercising voting rights attaching to investments protects and enhances the long-term value of investments. It has given its investment managers full discretion in exercising these rights, but encourages them to adopt good stewardship practices, in particular with respect to engaging with investee companies.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the Q1 2023 meeting, the Trustee discussed and agreed stewardship priorities for the Fund, which were:

- **Climate change** - the Trustee believes climate change to be a source of financial risk that could have a material impact on member outcomes over the short-, medium-, and long-term as a result of the impact of the physical and transition risks on markets and, therefore, investors.
- **Corporate transparency** - the Trustee believes that transparency helps to identify risks that could affect company (and ultimately investment fund) performance. A lack of transparency can also mask exposure to other ESG risks that could have potential reputational consequences for companies and affect company performance.

The Trustee communicated these agreed priorities to the Fund's investment managers in June 2023. The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they can improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

As outlined above, in March 2023, the Trustee reviewed the investment adviser's responsible investment scores for the Fund's existing managers, which includes an assessment of the managers' voting policies. Based on the information received the Trustee was comfortable with the approach its managers take to stewardship.

Details of the actions carried out on the Trustee's behalf are outlined in Section 6.

d. Compliance with the Statement

The Trustee is comfortable that it has complied with the principles set out in the SIP.

6. Description of voting behaviour during the Fund Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Fund Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

For the DB section, we have included voting data for the L&G All World Equity Index.

For the DC Section, we have only included the funds in the default options which have equity holdings, as follows:

- BlackRock iShares Developed World Index Fund (GBP and EUR)

- BlackRock World Index Sub Fund

a. Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

L&G

L&G's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. Voting policies are reviewed annually and take into account feedback from clients.

Every year, L&G holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as L&G continues to develop its voting and engagement policies and define strategic priorities in the years ahead. L&G also takes into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by L&G's Investment Stewardship team and in accordance with the relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures L&G's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

L&G's Investment Stewardship team uses ISS's 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and it does not outsource any part of the strategic decisions. The use of ISS recommendations is purely to augment L&G's own research and proprietary ESG assessment tools. L&G's Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that it receives from ISS for UK companies when making specific voting decisions.

To ensure L&G's proxy provider votes in accordance with its position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G considers are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

L&G retains the ability in all markets to override any vote decisions, which is based on a custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows L&G to apply a qualitative overlay to its voting judgement. L&G has strict monitoring controls to ensure votes are fully and effectively executed in accordance with its voting policies. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform the team of rejected votes which require further action.

BlackRock

BlackRock's approach to corporate governance and stewardship is explained in its Global Principles document (available on the manager's website) which describe its philosophy on stewardship, its policy on voting, its integrated approach to stewardship matters and how it deals with conflicts of interest.

The BlackRock Investment Stewardship team and its voting and engagement work continuously evolve in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure BlackRock takes into account a company's unique circumstances by market, where relevant. BlackRock informs its vote decisions through research and engages as necessary. Its engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets.

BlackRock welcomes discussions with its clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in its Global Principles, BlackRock determines which companies to engage directly with based on its assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. BlackRock's voting guidelines are the benchmark against which it assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. It applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant.

BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. BlackRock does not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Whilst BlackRock does subscribe to research from proxy advisory firms, ISS and Glass Lewis, this is just one among many inputs into its voting decision process. Other sources of information BlackRock uses include the company's own reporting, its engagement and voting history with the company, the views of its active investors, public information and ESG research.

In relation to significant votes, BlackRock periodically publishes "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance.

b. Summary of voting behaviour over the Fund Year

A summary of voting behaviour over the period is provided in the tables below for the DB and DC Sections respectively.

DB Section	
Manager name	L&G
Fund name	All World Equity Index Fund
Total size of fund at end of reporting period	£220.2m
Value of RTIPF assets at end of reporting period (£ / % of total DB Section assets excluding cash in Trustee bank account)	£4.6m / 14.1%
Number of holdings at end of reporting period	4,230
Number of meetings eligible to vote	6,671
Number of resolutions eligible to vote	67,436
% of resolutions voted	99.87%
Of the resolutions on which voted, % voted with management[1]	79.12%
Of the resolutions on which voted, % voted against management[1]	19.69%
Of the resolutions on which voted, % abstained from voting[1]	1.19%

Of the meetings in which the manager voted, % with at least one vote against management	63.23%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	10.38%

DC Section	Fund 1	Fund 2
Manager name	BlackRock	BlackRock
Fund name	iShares Developed World Index Fund (GBP and EUR)	BlackRock World Index Sub Fund (USD)[2]
Total size of fund at end of reporting period	$14.8bn	$0.8bn
Value of RTIPF assets at end of reporting period (£ / % of total DC Section)	£3.0m / 40.1%	£1.9m / 25.5%
Number of holdings at end of reporting period	1,489 (1,518)	1,489 (1,518)
Number of meetings eligible to vote	1,569 (1,600)	1,569 (1,600)
Number of resolutions eligible to vote	21,975 (21,155)	21,975 (21,155)
% of resolutions voted	92.4% (99.8%)	92.4% (99.8%)
Of the resolutions on which voted, % voted with management[1]	94.8% (93.0%)	94.8% (93.0%)
Of the resolutions on which voted, % voted against management[1]	5.2% (7.0%)	5.2% (7.0%)
Of the resolutions on which voted, % abstained from voting[1]	0.5% (0.5%)	0.5% (0.5%)
Of the meetings in which the manager voted, % with at least one vote against management	26.8% (35.3%)	26.8% (35.3%)
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.2% (0.2%)	0.2% (0.2%)

[1]Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.
[2]This Fund invests in the iShares Developed World Index Fund (USD) and so the voting data shown is the same as the iShares Developed World Index Fund (USD).

c. Most significant votes over the Fund Year

Commentary on the most significant votes over the period, from the Fund's asset managers who hold listed equities, is set out below.

The Trustee has interpreted "most significant votes" to mean votes which the manager deems to be significant based on their internal criteria, and which affect a holding that is significant within the fund (eg one of the fund's top 10 holdings). We have aimed to provide votes that cover a range of environmental, social and governance issues, with a particular focus on the Trustee's stewardship priorities.

DB Section

L&G All World Equity Index Fund

- **Exxon Mobil Corporation, United States, May 2022. Vote:** For. **Outcome of the vote:** Against.

  Summary of resolution: Set GHG Emissions Reduction targets Consistent with Paris Agreement Goal

  Rationale: A vote 'for' is applied in the absence of reductions targets for emissions associated with the company's sold products and insufficiently ambitious interim operational targets. L&G expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with the 1.5 C goal.

  Criteria against which this vote has been assessed as "most significant": L&G considers this vote significant as it is an escalation of its climate-related engagement activity and its public call for high quality and credible transition plans to be subject to a shareholder vote.

- **NVIDIA Corporation, United States, June 2022. Vote:** Against. **Outcome of the vote:** For.

  Summary of resolution: Elect Director Harvey C. Jones

  Rationale: L&G expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. L&G is targeting the largest companies as we believe that these should demonstrate leadership on this critical issue. A vote against is also applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

  Criteria against which this vote has been assessed as "most significant": L&G views diversity as a financially material issue for its clients, with implications for the assets we manage on their behalf.

- **Meta Platforms Inc., United States, May 2022. Vote:** For. **Outcome of the vote:** Against.

  Summary of resolution: Require Independent Board Chair

  Rationale: A vote 'for' is applied as L&G expects companies to establish the role of independent Board Chair.

  Criteria against which this vote has been assessed as "most significant": L&G considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

DC Section

iShares Developed World Index Fund (GBP and EUR)

McDonald's Corporation, May 2022

Summary of resolution: Issue transparency report on global public policy and political influence

Vote: Against

Outcome of the vote: Fail

Management recommendation: Against

Size of mandate's holding at voting date: 0.00% (due to rounding)

The reason the Trustee consider this vote to "most significant": The resolution relates to the Trustee's corporate transparency stewardship priority.

Rationale for the voting decision: The proposal asks McDonald's to issue a report annually on "global public policy and political influence, disclosing company expenditures and activities outside of the United States." BlackRock did not support this proposal because, in its assessment, McDonald's disclosure regarding their political spending and lobbying activities provides sufficient information. For example, currently McDonald's oversight system for corporate political activities is outlined in their Political Contribution Policy which helps ensure that their limited political contributions outside the U.S. comply with applicable law and are in the best, long-term interests of the company and shareholders. McDonald's also publishes a list on their website of trade associations of which they are a member.

Outcome and next steps: BlackRock regularly engages with companies to understand how they use corporate political activities to support policy matters material to their long-term strategy and shareholder value. As part of this, BlackRock looks at companies' publicly available disclosures to understand how lobbying and political contributions support their stated policy positions.

BlackRock World Index Sub Fund (USD)

Barclays Plc, May 2022

Summary of resolution: Approve Barclays' Climate Strategy, Targets and Progress 2022

Vote: For

Outcome of the vote: Pass

Management recommendation: For

Size of mandate's holding at voting date: 0.00% (due to rounding)

The reason the Trustee consider this vote to "most significant": The resolution relates to the Trustee's climate change stewardship priority.

Rationale for the voting decision: BlackRock supported this proposal in recognition of the company's disclosed plan to manage climate-related risks and opportunities and the company's progress against this plan. Barclays has made notable progress in developing their net zero roadmap. In particular, the bank has in the past year added medium-term targets to 2030 for financed emissions which reference the International Energy Agency's (IEA) Net Zero 2050 scenario that "achieves net zero emissions by 2050 and models emissions consistent with limiting the global temperature rise to 1.5°C with a 50% probability." The company also broadened the scope of their targets to include reducing financed emissions from steel and cement, in addition to power and energy. Finally, Barclays enhanced their coal policies to include a commitment to phase out financing for thermal coal mining by 2030 in OECD countries and 2035 for the rest of the world, as well as for thermal coal power in the UK and EU by 2030 and the rest of the world by 2035.

Outcome and next steps: While BlackRock acknowledges Barclays' progress against their 2020 commitment, BlackRock believes there are areas where Barclays' disclosure and underlying climate strategy could be enhanced. In particular, reporting additional information regarding their financed emissions outside of energy and power would be helpful for investors to better understand the climate risks, challenges and opportunities the bank is facing and to measure progress on an ongoing basis. BlackRock will continue to engage with Barclays to monitor progress against the commitments made in the Climate Strategy, Targets and Progress report and the above-mentioned areas for enhanced reporting. This will be carefully considered in BlackRock's future voting decisions, as will the consistency between corporate decisions and stated climate ambitions.