**Draft Shareholder Resolution for Rio Tinto – Independent Water Impact Assessments**

**RESOLUTION xx** to have Rio Tinto commit to independent assessments of its impacts on water sources surrounding its operations across each of its mines, including at subsidiary Qit Minerals Madagascar (QMM) and its operated joint venture with BHP, Resolution Copper, in Arizona, USA and to publicly disclose audit findings and report on remediation efforts by 31 December 2024.

**Supporting Statement**

Shareholders recognise the need for a rapid energy transition due to climate change. This energy transition requires significant amounts of transition minerals mined by Rio Tinto and other mining companies. However, to work this transition must be a just transition. Water-related impacts are a subset of just transition considerations linked to financial concerns across Rio Tinto’s operations. Despite receiving repeated requests to conduct independent water impact assessments (and to review its impact assessment protocols more broadly), the company’s approach to water impact assessments appears to be raising operating costs (see below) and consequently poses a risk to shareholder value. Shareholders will recall, for example, the financial, operational, reputational, and legal consequences Rio Tinto has faced in the wake of Juukan Gorge.

Financially, Rio Tinto is already paying for a costly human rights impact assessment stemming from river water contamination at its legacy Panguna mine in Papua New Guinea with much of any anticipated reparations resulting from water impacts.[[1]](#footnote-1) Additionally, [acid mine drainage](https://www.sciencedirect.com/topics/earth-and-planetary-sciences/acid-mine-drainage) (AMD)remediation at its Canadian Faro mine was estimated to cost more than CAD$500 million.[[2]](#footnote-2) The QMM mine has already had to invest 13 million dollars[[3]](#footnote-3) to address AMD’s potentially toxic impact on aquatic life.[[4]](#footnote-4) Appropriate water impact assessments could prevent such costs in future. Juukan Gorge alone appears to have cost Rio Tinto at least AUS$16.2 billion in iron ore reserves[[5]](#footnote-5) and an estimated $250 million in compensation to Traditional Owners of Juukan Gorge.[[6]](#footnote-6) Failure to address water impacts could lead to exponentially greater costs.

Operationally, shareholders note the impact of the Chinese economic slowdown on iron ore prices.[[7]](#footnote-7) Site level operational concerns stemming from a lack of adequate water impact assessments are also of concern. At QMM, water quality issues have led to four conflicts in the last two years costing the company millions of dollars and undermining its social licence to operate[[8]](#footnote-8), despite Rio Tinto’s assertion that it has conducted appropriate assessments there. In Serbia, water pollution concerns have halted lithium exploration in an area close to Rio Tinto’s proposed Jadar mine.[[9]](#footnote-9) At Resolution Copper, there are concerns that the company’s proposed mine design will result not only in negative impacts to surrounding water resources[[10]](#footnote-10) but also in impediments to the company’s operations from underground rivers that Rio Tinto did not anticipate.[[11]](#footnote-11) A US Forest Service impact assessment (FEIS) – though severely deficient in its water impact analysis[[12]](#footnote-12) – does acknowledge some of the local impacts on water resources. However, there is no apparent assessment from either the FEIS or Rio Tinto of what the consequent water impacts on Resolution Copper’s operations might be. It is therefore unclear how Rio Tinto would proceed from an operational perspective. As an indicator, lack of adequate impact assessment prior to the destruction of Juukan Gorge led to the ouster of Rio Tinto senior leadership, including the CEO and Chair at the time, significant impacts on production, and a moratorium on mining around Juukan Gorge.[[13]](#footnote-13)

Reputationally, communities in Madagascar[[14]](#footnote-14) and the US[[15]](#footnote-15), among others[[16]](#footnote-16), have raised deficient water impact assessments and lack of transparency around water issues as grounds for being increasingly vocal about the company’s impacts on their lives and local environments. These protests are of concern given that media pressure from both investors and Traditional Owners[[17]](#footnote-17) in relation to Juukan Gorge led to a scale of outcry that prompted the aforementioned operational changes at the company. The Corporate Human Rights Benchmark also downgraded Rio Tinto in its 2021 ratings,[[18]](#footnote-18) and the disaster is creating a continued reputational risk for the company as acknowledged repeatedly in its communications and meetings with investors.

Legally, there are challenges to US legislation that would allow an exchange of federal land to Rio Tinto to facilitate mining at Resolution Copper, in part because of concerns about the mine’s (including its tailings dam’s) impacts on water resources.[[19]](#footnote-19) Additionally, Rio Tinto has admitted that in 2014 its QMM operation ‘exceeded its authorised permissions’ in Madagascar and ‘breached an environmental buffer zone designed to protect local waterways’[[20]](#footnote-20) demonstrating lapses in its water risk management and oversight. However, due to the lack of a credible independent impact assessment the impact of the breach on local water courses is unknown.[[21]](#footnote-21) With water scarcity becoming an increasing concern in relation to climate change, if the company does not have accurate and credible assessments to inform appropriate action on its impacts to water quality and availability, it could face increasing legal risk, such as litigation faced by Vedanta in the UK in relation to the company’s alleged pollution of water resources in Zambia[[22]](#footnote-22) and by a neighbouring miner in Serbia.[[23]](#footnote-23)

Shareholders would expect that the water impact assessments would be carried out by an organisation that has demonstrable expertise in such assessments, has credibility with stakeholders, is independent of the company, and has no financial, commercial, or personal relationship with any board member. The auditing entity would be expected to provide transparency and accountability that will meet international standards and allow for the repair and redress of all outstanding questions, damages, and conflict.[[24]](#footnote-24) Communities and their chosen civil society partners would no doubt:

1. Be included in identifying and approving appropriate organisations to undertake the audit work;
2. Assist in the scoping, framing and methodology of the audit process;
3. Enjoy the full public disclosure of results and reports without censure;
4. Benefit from follow up resolution and reparation processes for outstanding issues determined by the audits and their findings.

The audits should be completed and made available by 31 December 2024.

1. Human Rights Law Centre. ‘Historic environmental and human rights impact assessment of Rio Tinto’s former Panguna mine begins.’ 6 December 2022. <https://www.hrlc.org.au/news/2022/12/2/historic-environmental-and-human-rights-assessment-of-rio-tintos-former-panguna-mine-begins>. [↑](#footnote-ref-1)
2. Nelson Bennett. ‘Investors in British Columbia back Faro mine restart in Yukon Territory.’ Mining.com, September 24, 2021. <https://www.mining.com/investors-in-british-columbia-back-faro-mine-restart-in-yukon-territory/>. [↑](#footnote-ref-2)
3. <https://lexpress.mg/25/05/2023/environnement-rio-tinto-alloue-13-millions-de-dollars-de-plus-pour-le-traitement-des-eaux/?utm_source=browser&utm_medium=rss_notification&utm_id=480598.546292341&fbclid=IwAR2lO3cliC78fBR7jhiJVsxj_aJa-aW-zjtv23Jgt9Of0tznno21qE621UI>. [↑](#footnote-ref-3)
4. <https://www.researchgate.net/publication/258348898_Environmental_effects_of_aluminium>. [↑](#footnote-ref-4)
5. Considering Rio Tinto reported removing 100 million tonnes of iron ore reserves and given the iron or price of $162 in 2021, that would equal a loss of $16.2 billion. [↑](#footnote-ref-5)
6. ABC. ‘Rio Tinto may have to pay $250 million in Juukan Gorge compensation, native title chief warns.’ 10 December 2020. <https://www.abc.net.au/news/2020-12-10/warning-rio-tinto-could-face-250m-juukan-gorge-compensation-bill/12969948>. Just to note, it has been reported in [The Australian](https://www.theaustralian.com.au/subscribe/news/1/?sourceCode=TAWEB_WRE170_a_GGL&dest=https%3A%2F%2Fwww.theaustralian.com.au%2Fnation%2Findigenous%2Fjuukan-gorges-fighting-bill-hits-1m%2Fnews-story%2Fd1ce3f42bf2b75e06e50fcd67ff1537a&memtype=anonymous&mode=premium&v21=dynamic-groupa-test-noscore&V21spcbehaviour=append) that the PKKP, the Indigenous group affected by the destruction of Juukan Gorge, have had to pay over $1 million in legal costs related to the disaster. [↑](#footnote-ref-6)
7. Jonathan Barrett. ‘As China’s economy stalls, Australia braces for the impact on its currency and tourism market.’ The Guardian, 27 August, 2023. https://www.theguardian.com/business/2023/aug/27/as-chinas-economy-stalls-australia-braces-for-the-impact-on-its-currency-and-tourism-market. [↑](#footnote-ref-7)
8. Reuters. ‘Rio Tinto’s Madagascar mine restarts after reaching deal with protestors.’ May 25, 2022. <https://www.reuters.com/markets/commodities/rio-tintos-madagascar-mine-restarts-after-reaching-deal-with-protesters-2022-05-24/>. [↑](#footnote-ref-8)
9. Stefan Goranovic. ‘Hundreds of protestors in Serbia call for an end to lithium mine plan.’ Euronews, 5 January, 2022. https://www.euronews.com/2022/01/04/hundreds-of-protesters-in-serbia-call-for-an-end-to-lithium-mine-plan [↑](#footnote-ref-9)
10. Although Resolution Copper describes its operations as ‘the most water efficient mine in Arizona,’<https://resolutioncopper.com/water-stewardship/>. [↑](#footnote-ref-10)
11. Steven H. Emerman, Ph.D. ‘Testimony before House Natural Resources Subcommittee on Indigenous Peoples of the United States. Hearing on “The Irreparable Environmental and Cultural Impacts of the Proposed Resolution Copper Mining Operation,” Thursday, March 12, 2020. <https://www.congress.gov/116/meeting/house/110729/witnesses/HHRG-116-II24-Wstate-EmermanS-20200312.pdf>. [↑](#footnote-ref-11)
12. Terry Rambler (Chair of San Carlos Apache Tribe which opposes Resolution Copper). ‘Why is Arizona poised to give away groundwater to mining when it faces a devastating water crisis?’ Los Angeles Times, July 6, 2023. <https://www.latimes.com/opinion/story/2023-07-06/arizona-water-drought-oak-flat-biden-resolution-copper-mine>. [↑](#footnote-ref-12)
13. The company’s 2021 Annual Report (p. 95) refers to removing 100 million tonnes of iron ore reserves from its mining plan, ostensibly as a result of Juukan Gorge. In its 2021 annual report, Rio Tinto also announced a moratorium on mining in the Juukan Gorge area, and a moratorium was discussed for all mining companies operating in the area. [↑](#footnote-ref-13)
14. Andrew Lees Trust. ‘An introduction to water contamination and environmental governance issues surrounding Rio Tinto’s QMM mine in Southern Madagascar.’ May 2020. [ALT-UK-WATER-BRIEFING-ON-QMM-2020.pdf (andrewleestrust.org)](http://www.andrewleestrust.org/blog/wp-content/uploads/2020/05/ALT-UK-WATER-BRIEFING-ON-QMM-2020.pdf). [↑](#footnote-ref-14)
15. Henry Munoz. ‘Why as a fifth generation miner I oppose the Resolution Copper mine at Oak Flat.’ The Arizona Republic, May 19, 2023. <https://eu.azcentral.com/story/opinion/op-ed/2023/05/19/resolution-copper-threat-water-environment-oak-flat/70230581007/>. [↑](#footnote-ref-15)
16. Bloomberg News. ‘Rio Tinto’s Oyu Tolgoi copper mine raises water worries in Mongolia’s Gobi desert.’ June 21, 2013. <https://financialpost.com/commodities/mining/rio-tintos-oyu-tolgoi-copper-mine-raises-water-worries-in-mongolias-gobi-desert>; Human Rights Watch. ‘Guinea: Ensure Respect for Rights in Massive Iron Ore Project.’ December 7, 2022. <https://www.hrw.org/news/2022/12/07/guinea-ensure-respect-rights-massive-iron-ore-project>. [↑](#footnote-ref-16)
17. Financial Review. ‘Kaboom! There goes Rio Tinto’s reputation.’ June 5, 2020. <https://www.afr.com/companies/mining/kaboom-there-goes-rio-tinto-s-reputation-20200603-p54yzj> Financial Review. ‘Global human rights body tears strips off Rio over cave blast.’ July 10, 2020. <https://www.afr.com/companies/mining/global-human-rights-body-tears-strips-off-rio-over-cave-blasts-20200710-p55at0>. [↑](#footnote-ref-17)
18. ‘CHRB response to the destruction of a 46,000 year old Aboriginal heritage site by Rio Tinto at Juukan Gorge in Western Australia on 24 May 2020.’ 9 July 2020. <https://assets.worldbenchmarkingalliance.org/app/uploads/2021/04/CHRBJuly2020responseRioTinto.pdf>; World Benchmarking Alliance. ‘Our special process for assessing Rio Tinto in our 2023 Corporate Human Rights Benchmark due [to] its destruction of the Juukan Gorge rock shelters.’ April 2023. <https://assets.worldbenchmarkingalliance.org/app/uploads/2023/04/Special_process_for_assessing_RioTinto_2023CHRB.pdf>. [↑](#footnote-ref-18)
19. Kevin Rector. ‘Battle for Oak Flat: How Apache opposition to a copper mine became a religious liberty test.’ Los Angeles Times, June 14, 2023. https://www.latimes.com/environment/story/2023-06-14/apache-copper-mine-sacred-land-arizona. [↑](#footnote-ref-19)
20. Andrew Lees Trust. ‘An introduction to water contamination and environmental governance issues surrounding Rio Tinto’s QMM mine in Southern Madagascar.’ May 2020. [ALT-UK-WATER-BRIEFING-ON-QMM-2020.pdf (andrewleestrust.org)](http://www.andrewleestrust.org/blog/wp-content/uploads/2020/05/ALT-UK-WATER-BRIEFING-ON-QMM-2020.pdf). [↑](#footnote-ref-20)
21. Malavika Vyawahare. ‘Madagascar regulator under scrutiny in breach at Rio Tinto-controlled mine.’ Mongabay, 20 November 2019. <https://news.mongabay.com/2019/11/madagascar-regulator-under-scrutiny-in-breach-at-rio-tinto-controlled-mine/>. [↑](#footnote-ref-21)
22. The Guardian. ‘Mining Giant Vedanta argues UK court should not hear Zambia pollution case.’ 12 April 2016. <https://www.theguardian.com/global-development/2016/apr/12/mining-giant-vedanta-resources-uk-court-zambia-villagers-case-alleging-pollution>. [↑](#footnote-ref-22)
23. [https://www.danas.rs/vesti/drustvo/sud-u-valjevu-privremeno-zabranio-rad-kompanije-euro-litijum-balkan/](https://gbr01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.danas.rs%2Fvesti%2Fdrustvo%2Fsud-u-valjevu-privremeno-zabranio-rad-kompanije-euro-litijum-balkan%2F&data=05%7C01%7Clara.blecher%40pirc.co.uk%7C596131c69ddb45c8a54508dbaf313d91%7C4be8979dcfa64c1c9aa28ba0807e1b6f%7C0%7C0%7C638296398610350001%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=pTAZ5xFnXNcd5PitqG7Jum2l4l%2F850ahhVzjJW1IuUs%3D&reserved=0). [↑](#footnote-ref-23)
24. UNGP 22: ‘Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.’ [↑](#footnote-ref-24)