Response to Investor briefing 2023 by ALT-UK and PWYP Madagascar

Rio Tinto notes the Investor Briefing 2023 published by ALT-UK and PWYP about our QIT Madagascar Minerals (QMM) operation in Madagascar and wishes to offer a response to clarify the situation given the seriousness of some of the allegations made.

Compensation process

- Following three cyclones and extreme rain fall in Fort Dauphin in early 2022, a controlled water release, authorised by the Malagasy regulator, was required to ensure the integrity of infrastructure and the environment surrounding our operation at QMM.
- Between March - May 2022, following concerns raised by our host community members who witnessed dead fish\(1\) in the water surrounding the mine and a resultant moratorium on fishing, QMM experienced a period of community tensions, triggered by the moratorium, which led to the institution of a multi-stakeholder grievance process.
- QMM entered into a grievance process in good faith effort to resolve these concerns. The grievance process was led by the government and included the authorities, community representatives and QMM, and resulted in an agreement signed by all concerned parties in May 2022 which included short-term measures, such as emergency food delivery in June and July, and commitments to contribute to projects for positive medium to long-term impact for the communities.
- As part of the agreement, communities were also invited to log grievances, leading to 8778 submissions. The type of complaints received fell into three main categories: fisherfolk, natural resource users and previous compensation payments or land claims. Land claims were deemed ineligible as land related claims had been settled through a previous process - the Mandena Framework Convention signed on March 17, 2016.
- A process was instituted for the other two categories of claims, and bilateral agreements with fisherfolk and natural resources users who made the complaints were signed in January 2023. This resulted in compensation payments, being made to 5,204 individuals in February and March 2023. That process is now complete. In addition, commitments were made by QMM to carry out additional community projects, co-designed with the communities.
- The recently concluded compensation process was carried out according to a Charter signed by QMM and representatives of the communities. It took place in the presence of a mediator and two independent observers from the community, who were chosen and agreed by the parties, in order to ensure the objectivity, transparency and neutrality of the dialogue. Throughout the process, QMM made resources available to all parties to fund external expert advice, should it have been requested.
- Transparency with claimants was assured during the negotiations as all outcomes during the negotiations were shared with the claimants by their representatives. As with any contract, the agreed terms are a matter for the parties.

\(1\) QMM accepts that there were dead fish in the water. However, water sample analysis and assessments done by the regulator showed no significant change to the water quality in the receiving natural environment, and no link between the activities of the mine and the observations of dead fish made by community members. Despite no evidence of impact, a further study, led by South African environmental research centre, Water Research Group (WRG) was commissioned by QMM. This study, which investigated the cause of the fish death phenomena analysed a series of fish, water and sediments samples collected from the same location of the fish deaths as well as other critical monitoring points. Preliminary results from the Study, which will be completed in the coming months, conclude that the 2022 fish deaths are unlikely to have been caused by any of the metals concentrations in fish.
- We acknowledge interest in undertaking an independent audit of the compensation process. As the process has only recently concluded, we will now take stock, including lessons learned to help inform next steps.

Local Waterways

- In 2021, QMM strengthened its water management strategy and supporting plans, each developed by a panel of internal and external technical experts.
- As part of that, in 2022, QMM commissioned a water treatment plant that, combined with a polishing pond, raises the pH of the water to levels suitable for release in compliance with pH and Al regulatory limits. Malagasy regulatory limits state that water released into local waterways should be at a pH of between 6 and 9 and dissolved aluminium at levels of below 5 mg/L. Prior to treatment, processed water from QMM is typically at an average of 3.5. The new water treatment plant, increases the pH, reduces the aluminium to below 5mg/L as required, and filters out suspended material.
- This pilot plant, has been approved by the regulator. Subject to an Environmental Impact Assessment in accordance with international standards, the pilot plant will be expanded.
- Rio Tinto listened to ALT-UK’s concerns and took seriously the recommendations included in the report by Stella Swanson (March 2019), regarding uranium levels in waterways. In response, QMM initiated an independent study conducted by an international firm, JBS&G Australia, to definitively determine the impact of QMM’s activities on radiological exposures to the community. Rio Tinto now has the results from analysis received on the four cycles of data collection and results show no measurable impacts to human beings or the environment via vectors such as water, food, dust or soil.
- To strengthen the study, in October 2022, additional samples were taken and, whilst with some delays, the full study is expected to be completed by mid-2023, after cross examination by the regulator. Rio Tinto has kept ALT-UK updated throughout the process including in the delays, and we have invited ALT-UK to participate in discussions about the findings of the JBS&G study.
- With regards to water consumption, it is important to note that upstream of the Mandena mine, surface water does not meet the criteria for potable water and therefore QMM’s water treatment system does not aim to produce potable water either. Instead it aims to achieve regulatory criteria, so that should QMM need to release site water into the natural environment, the water ways downstream from the mine are of the same standard as those upstream and therefore, and not negatively affected by mining activity.
- Whilst this is the case, QMM and Rio Tinto believe that access to fresh water is a fundamental right. To support this, in partnership with the Government of Madagascar and the World Bank, we have significantly contributed to the improvement of water facilities for the people of Fort Dauphin since 2006. For instance:
  - New potable water infrastructure: a station at Andrakaraka is operational, and 3 other stations are under construction
  - Rehabilitation of Fort Dauphin’s water treatment plant (JIRAMA) and its piping system
  - Rehabilitation of water caption zone
  - Improvement of water facilities for the people of Fort Dauphin and communities around the mine since 2006.

Tailings Management

- QMM has developed and shared summary reports of the water release incidents in 2022.
- Rio Tinto is committed to implementing the GISTM for its existing and future facilities including QMM. As per GISTM guidance, a review by an independent design engineer established that
QMM’s facilities were classified as neither ‘extreme’ nor ‘very high’ in terms of consequence potential. As such, full compliance for QMM is targeted for August 2025.

- Currently, QMM manages process water and facilities under the Rio Tinto Standards D5 (Management of Tailings and Water Storage Facilities) and D3 (Slope Geotechnical Hazards), and we recognize that compliance with GISTM, achieving which work is underway, will take QMM a step further.

**Audits: independence and inclusivity**

- QMM is under obligation to publish a report to its regulator, the Office National de l’Environnement (ONE), the content of which is discussed annually with the monitoring committee made up of representatives of the authorities. The ONE organizes public sessions on key findings and recommendations.

- In addition, QMM has commissioned multiple studies that assess QMM’s potential impact on people and the environment, so far showing no concerns. These studies include:
  - A 2021 QMM Water Discharge Monitoring Data report.
  - Summary reports of the 2022 incidents investigations.
  - A radiation study by expert JBS&G, that will be finalised in the summer of 2023.
  - In 2022, a fish study by the Water Research Group that will be finalized in the coming months. Preliminary results from the study conclude that the 2022 fish deaths are unlikely to have been caused by metal concentration in the fish.

- With reference to the demand for audits on water quality, we do not believe that an audit is relevant or needed at this stage. QMM has set up a Water Technical Committee, made up of 12 internal and external experts, to support the development of its long-term water management strategy. QMM’s internal audit of 2022 concluded that governance structures and management activities are well articulated and on-track to deliver its water plan.

**Engagement**

- Throughout the past year Rio Tinto has engaged in good faith with interested NGOs about QMM, in particular with the coalition consisting of ALT-UK, PWYP and Transparency International Madagascar. There has been an ongoing dialogue with senior executives at Rio Tinto, a steady flow of information in response to questions, and invitations for a site visit at QMM and to hold a session to discuss the JBS&G Radiation study results. In addition, we have shared details of our Tailings management with interested parties, including shareholders such as the Jesuits of Britain.

- Rio Tinto acknowledges and continues to improve its engagement and communications on our strengthened water management plans and other community related issues at QMM. For this reason, we have increased our engagement with national and local CSOs and their umbrella organisations and we have hosted activities such as site visits with CSOs and community members as recently as 20 March 2023.

- We believe in transparent information sharing and in doing so with a wide group of representatives of the community and Malagasy civil society. We will continue to redouble our efforts to include a wider range of stakeholders interested in working with us to ensure QMM can better operate in harmony with the community and the natural environment.

- We remain open to continued dialogue and invite all interested stakeholders, particularly those from our host communities in Fort Dauphin, to contact QMM, if they would like to engage further.

ENDS