

Rio Tinto historically has been far from an environmental paragon. That made an [investor revolt](#) last week over the giant mining company's climate disclosures especially notable. It's also notable that this took place in London, showing that investor worries about climate change are worldwide. These are people with real money at stake, unlike conservative politicians and talking heads.

It's unlikely that anyone invests in Rio Tinto as a way of virtue signaling. Just a year ago, the company demolished a sacred cave in Western Australia which had evidence of 46,000 years of human occupation. The Norwegian Government Pension Fund dropped the company from its portfolio because of environmental destruction from mining in Indonesia. A planned mine in Arizona may create a two-mile sinkhole a thousand feet deep.

Even before last week's investor revolt, the company was under pressure to address climate change. In 2019, it signed an agreement with a Chinese steelmaker to find ways to reduce emissions from steel making. In 2021, it release plans to spend \$7.5 billion to reduce operations from its operations and suppliers. Still, it remains responsible for 31 Gigatons of carbon emissions per year.

Although the firm had begun to expand its disclosures, investors were not happy. The head of stewardship in the investment management company Sarasin & Partners expressed some of that discontent:

““While Rio has increased its discussion of climate risks and made clear that its accounts are not 1.5C aligned, thereby providing welcome transparency, it does not provide disclosures on its quantitative assumptions, or visibility as to how it would be impacted if its own stated goal to be 1.5C-aligned were achieved.”

Sarason, which manages \$9 billion for private clients, announced its intention to vote against the financial statements and against keeping KPMG as an auditor, while also questioning the performance of the company's audit committee.

Rio Tino has committed to “Say on Climate,” allowing shareholders to take nonbinding votes on corporate climate strategies. (Some other firms, including Nestlé, Shell, and Total has also made that commitment.) At the annual shareholder meeting last week, investors voted against Rio Tinto's financial statements because of a lack of clarity over climate risks. Responding to the challenge, the Chairman said, “Climate change... is the defining issue for our age, and is at the heart of our new strategy.”

Two months from now, investors will vote on a proposal to spin off Rio Tinto's coal assets.

That would allow the company to disclaim any responsibility for the carbon emissions, while doing nothing to address the problem. The shareholder vote on that proposal will be a test of how serious its investors really are about climate risk