Taxes Paid: Our Economic Contribution 2020
Global Overview

Total global taxes and royalties paid in 2020

$8.4bn

Australia
$6.8bn
(2019: $6.2bn)

Canada
$651m
(2019: $291m)

Mongolia
$277m
(2019: $305m)

Chile
$246m
(2019: $311m)

United Kingdom
$132m
(2019: $117m)

United States
$111m
(2019: $178m)

South Africa
$61m
(2019: $80m)
Our total direct economic contribution last year was $47 billion, which included $8.4 billion in taxes and royalties. In Australia, we are one of the largest taxpayers and paid $6.8 billion (A$9.8 billion) in taxes and royalties in 2020. Over the past ten years we have paid over $71 billion in taxes and royalties globally; more than 75%, or $54 billion (A$65 billion), was paid in Australia.

More than a decade ago, Rio Tinto was the first company in the mining industry to disclose our payments to governments in detail, and we have been reporting on our taxes and royalties paid, and our economic contribution, in increasing detail ever since.

Good transparency is about more than the amount of tax we pay. Today, we also disclose our mineral development contracts, beneficial ownership and a range of other commitments. We do so because we believe transparency encourages accountability – ours as well as others’: being transparent about where our payments go helps stakeholders better understand how these funds may be used. A consistent standard against which companies can report their contributions is essential to engendering trust – in businesses like ours as well as in public institutions. This year we are also reporting the full requirements of the “Tax” standard (GRI 207) of the Global Sustainability Standards Board of the Global Reporting Initiative (GRI), which includes full country-by-country reporting. This report coupled with our 2019 Country-by-Country report applies the requirements of GRI 207.

As we focus, in the coming years, on earning back the trust of our stakeholders, we hope this report, alongside our climate change and annual reports, presents a view of the lasting, positive impact our company strives to have, and the changes we are committed to make.

We welcome your feedback.

Peter Cunningham
Interim Chief Financial Officer
April 2021
We know we must work hard to regain the trust of our stakeholders, and today, more than ever, we acknowledge our responsibility to continue to work in a way that delivers real, lasting benefits to our host communities and countries. We know we must care for our employees, respect and safeguard the environment when we explore, build and operate and repurpose or rehabilitate the land when our operations come to an end. We must also contribute to local and national economies by paying competitive wages, treating our suppliers fairly, investing in our local communities and paying our share of taxes.

### Direct economic contribution since 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct Economic Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$35.9bn</td>
</tr>
<tr>
<td>2017</td>
<td>$44.2bn&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>2018</td>
<td>$47.7bn&lt;sup&gt;2&lt;/sup&gt;</td>
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<tr>
<td>2019</td>
<td>$45.1bn</td>
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<tr>
<td>2020</td>
<td>$47bn</td>
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</tbody>
</table>

1. Numbers have been restated from those originally published to ensure comparability over time.
2. Includes contribution from net gains on disposal of interests in businesses.
3. Payables to governments includes charges for corporate income tax, government royalties, employer payroll taxes and other tax charges.
Developing skills for the future

In 2020, we progressed partnerships that help develop students’ skills for the future. In Australia, as part of our four-year, A$10 million investment in the education technology sector, we supported the Future Minds Accelerator programme, in partnership with start-up accelerator BlueChilli and Amazon Web Services. The programme, which aims to increase student skills, has already engaged 100,000 Australian children in more than 1,000 schools, provided training for 2,700 teachers, and helped participating start-ups grow their businesses.

And in Western Australia, 28 high school students participated in an autonomous operations programme – the first nationally recognised automation qualification in Australia that we launched last year with South Metropolitan TAFE – to develop the skills needed to succeed in the resources industry of the future.

Australia

For more than 100 years, we have called Australia home. Today, from Bell Bay, Tasmania to Karratha, Western Australia to Weipa, Queensland, we work with partners across the country to produce the materials used in everyday life.

In 2020, we were one of Australia’s largest taxpayers, contributing $6.8 billion (A$9.8 billion) in taxes and royalties. Over the past 10 years, we have paid more than $54 billion (A$65 billion) in taxes and royalties to governments in Australia.

We also employ more than 20,000 people across the country, and in Western Australia, home to our iron ore business, we employ more than 13,000 – and support many more. In 2020, we spent A$8.2 billion with suppliers in Western Australia alone, and A$293 million with Indigenous suppliers across the country.

Last year, to keep our iron ore operations running, we redesigned rosters and changed our fly-in, fly-out (FIFO) travel schedules for thousands of employees – at times in a matter of days. We secured additional charter flights, ensuring compliance with social distancing guidelines by spacing workers appropriately on planes, and in airports. With the implementation of rapid screening at airports in Western Australia for our FIFO workforce, we were one of the first companies globally to implement large-scale rapid screening.

We also continued to support communities across Australia during the global pandemic, including, in Western Australia, by expanding our support for the Royal Flying Doctor Service and in Queensland, by providing A$1.25 million to the organisation to improve emergency and remotely delivered health care services. In Melbourne, we provided A$670,000 to the Murdoch Children’s Research Institute to help scientists better understand how COVID-19 affects children. And to support our communities in the Pilbara, we contributed A$20 million to help fund a new hospital at Tom Price, a community near one of our iron ore mines.

However, 2020 was overshadowed by the destruction of two ancient rockshelters in the Juukan Gorge. This destruction should not have happened. It was a breach of our values – and today, we know we must change, grow and improve as a company. We apologise again and unreservedly to the Puutu Kunti Kurrama and Pinikura (PKKP) people.

As we look forward, our commitment to Australia will only intensify, with the appointment of a new Chief Executive, Australia, as well as other key roles, including communities and social performance leadership. We are a global company, but we recognise that as home to our largest operational footprint and some of our most important relationships, including those with the Traditional Owners of the land we mine, Australia deserves special focus – and our intent is to provide it.
Canada

Canada is home to approximately 15,000 of our employees and contractors, who work at about 35 sites across the country, including aluminium operations in Quebec and British Columbia.

Despite the global pandemic, thanks to our employees, contractors and partners, we were able to keep our operations in Canada running throughout 2020. In Quebec, we worked with the government when we were required to reduce our business activities to a minimum during the early stages of the pandemic. And at our Diavik Diamond Mine in the Northwest Territories, where many of our employees come from vulnerable, remote communities, we introduced measures to minimise the risk of transmission, including mandatory testing, calls with medical professionals prior to travel, enhanced hygiene and physical distancing measures, roster and flight changes, and the mandatory use of masks.

Globally, we pledged $25 million for COVID-19 preparedness and recovery initiatives in the communities where we operate, including a dedicated $10 million for Canada and the United States.

Through that investment, we supported many partners in Canada, including by providing 26,000 masks to the local health authority in Saguenay – Lac-St. Jean, Quebec; providing alternative housing support to those experiencing family and domestic violence or abuse in Labrador City, Newfoundland and Labrador; providing $100,000 to four local food banks in Havre-St-Pierre and Sorel-Tracy, both in Quebec; and in British Columbia, donating $50,000 to the Kitimat General Hospital Foundation for supplies and equipment.

Innovation also played an important role across our operations in Canada in 2020: ELYSIS – our partnership with Alcoa, supported by Apple and the governments of Canada and Quebec – completed its Research & Development Centre in the Saguenay, in Quebec, where it will continue to develop smelting technology free of direct carbon emissions.

We also launched START Responsible Aluminium, the first sustainability label for aluminium. Delivered to customers using blockchain technology, it will provide key information like where and how the aluminium was produced, its carbon footprint and recycled content found in the aluminium.

At our metallurgical complex in Quebec – part of Rio Tinto Fer et Titane - we developed a new process to extract high-purity scandium oxide from waste generated by titanium dioxide production. Scandium oxide is used to improve the performance of solid oxide fuel cells, a new clean energy technology used as a power source for data centres and hospitals and to produce high-performance aluminium-scandium master alloys for the aerospace, defence and 3-D printing industries.

An employee who has been with the Iron Ore Company of Canada (IOC) for more than 53 years.

Taxes Paid: Our Economic Contribution 2020

| $651m | Total taxes and royalties paid in Canada in 2020 |
| $383m | Corporate income tax paid in Canada in 2020 |
| $1.3bn | Canadian pre-tax underlying earnings in 2020 |
| 11,814 | Number of employees |
| $452m | Taxes collected on behalf of employees and remitted to Canadian governments in 2020 |

Strengthening our partnership with First Nations

Last year, the Iron Ore Company of Canada signed a historic agreement between the Iron Ore Company of Canada and the communities of Usatch mak Mani-utenam and Makamekush-Lac John in Quebec, two First Nations communities and partners. Through this partnership – nearly two years in the making – we will support local education and jobs, and preserve the environment, unique customs and cultural practices of both communities.
Mongolia

The Oyu Tolgoi copper mine is a major contributor to the Mongolian economy and a large employer in the country with over 12,300 employees and contractors - approximately 95% of whom are Mongolian.

Since 2010, Oyu Tolgoi has paid $2.8 billion in taxes and royalties to governments in Mongolia. In 2020 Oyu Tolgoi paid $277 million taxes and royalties. This included corporate tax, royalties, fees and other payments totaling $62.4 million, employer payroll taxes of $33.4 million, $111.3 million of non-refundable VAT payments, $44.0 million of customs duties, $8.4 million of withholding taxes and $7.5 million in property taxes. Oyu Tolgoi also collected and remitted to Mongolian governments $22.1 million on behalf of its employees.

Between 2010 and 2020, Oyu Tolgoi spent $11.6 billion in-country in the form of salaries, payments to Mongolian suppliers, taxes and other payments to the Government of Mongolia.

Oyu Tolgoi – a story of growth

While Oyu Tolgoi’s open pit mine has been operating since 2011 and copper concentrate has been exported since 2013, more value lies deep underground. Construction of the underground mine will transform Oyu Tolgoi into the world’s fourth largest copper mine by 2030: together, the open pit and underground are expected to produce 480,000 tonnes of copper per year on average from 2028-2036 as well as gold, silver and molybdenum.

The Copper Mark™

Developed by the International Copper Association, with input from a broad range of stakeholders including customers, NGOs and producers, the Copper Mark™ is a comprehensive, credible assurance framework to demonstrate the copper industry’s responsible production practices, and its contribution to the United Nations Sustainable Development Goals. Oyu Tolgoi in Mongolia, along with our Kennecott copper mine in Utah, United States, were the first producers to be awarded the Copper Mark™ – verifying our copper as responsibly produced.

An employee at the Oyu Tolgoi copper mine in Mongolia

<table>
<thead>
<tr>
<th>Total taxes and royalties paid in 2020</th>
<th>$277m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total taxes paid to Mongolian national government including royalties of $69m</td>
<td>$140m</td>
</tr>
<tr>
<td>Total taxes paid to four regional governments</td>
<td>$137m</td>
</tr>
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<td>Invested in Mongolia between 2010 and 2020</td>
<td>$11.6bn</td>
</tr>
<tr>
<td>Total taxes and royalties paid in Mongolia since 2010</td>
<td>$2.8 bn</td>
</tr>
<tr>
<td>Mongolian pre-tax underlying loss in 2020</td>
<td>$(342)m</td>
</tr>
<tr>
<td>Number of employees</td>
<td>3,465</td>
</tr>
<tr>
<td>Taxes collected on behalf of employees and remitted to Mongolian governments in 2020</td>
<td>$22m</td>
</tr>
</tbody>
</table>
Our Kennecott copper operation, in Utah, delivers nearly 20% of US copper production and our borates business, in California, known as U.S. Borax, supplies roughly 30% of global demand.

Building on this strong legacy, in 2020, we continued to innovate and invest for future growth in the United States. We developed new processes to extract critical minerals for use in clean technologies. And we continued to invest in our communities – not only through the taxes and royalties we paid last year – but also through the support we provided for communities as a result of the global pandemic.

Continued restoration and reclamation work in Arizona

In 2020, Resolution Copper completed a $75 million restoration and reclamation project of 475 acres of land impacted by close to a century of previous mining activity. We also wrapped up a $200 million project to deepen the historic number nine shaft and connect it with the newer number ten shaft. We will now focus on the maintenance of the shafts and continuing the underground characterization study to increase ore-body knowledge as the project continues to progress through a multi-year federal, state and county permitting process.

Resolution Copper, one of the world’s largest copper deposits, has the potential to supply up to 25% of the United States’ copper demand.

Pathway of growth projects at Kennecott

In 2019 we announced a $1.5 billion investment to extend operations to 2032. This project remains on track and we continue to explore projects to extend the life of mine. In 2020, Kennecott became the first producer to be awarded the Copper Mark™, the copper industry’s new independently assessed responsible production program, demonstrating it meets over 30 criteria for responsible environmental, social and governance practices.

And earlier this year, we announced plans to build a new plant that will recover tellurium, a critical mineral used in solar panels, from copper refining. Tellurium is an essential component of cadmium telluride, a semiconductor used to manufacture thin film photovoltaic solar panels. It can also be used as an additive to steel and copper to improve machinability, making the metals easier to cut. We expect production to begin later this year, with the capacity to produce approximately 20 tonnes of tellurium a year.

Lithium from waste at U.S. Borax

Last year, we found a way to extract lithium – a critical mineral used in rechargeable batteries for electric vehicles and consumer electronics – from the waste rock at our borates operations in Boron, California. In December 2020, we commissioned a demonstration plant with the capacity to produce 10 tonnes of battery-grade lithium carbonate per year, enabling us to assess the feasibility of progressing to a production-scale plant.

Supporting communities where we work

In the US, we worked with United Food and other partners in Arizona to distribute more than 100,000 cans of drinking water and donate more than 280,000 meals to the communities near our Resolution Copper project. In California, home to U.S. Borax, we donated $10,000 to offer learning support and food assistance to families living near our facility at the Port of Los Angeles, while our Kennecott copper operation partnered with the Natural History Museum of Utah to run a digital education hub pilot to improve access to technology for students.

United States

| $111m | Total taxes and royalties paid in the US in 2020 |
| $6m | Corporate income tax paid in the US in 2020 |
| $39m | Taxes paid to Salt Lake County, Utah in 2020 |
| $(168)m | US pre-tax underlying loss in 2020 |
| $96m | Taxes collected on behalf of employees and remitted to US state and federal agencies in 2020 |
| 3,543 | Number of employees |

An employee at Resolution Copper, located in Arizona, United States
We pay tax in 11 European countries:

- Belgium
- France
- Germany
- Iceland
- Luxembourg
- Netherlands
- Serbia
- Spain
- Sweden
- Switzerland
- UK

Our history in Europe stretches back to our founding in 1873: our first mines were along the banks of the Rio Tinto river in Andalusia, Spain. Today, we have working operations in Iceland, Serbia and France, with legacy sites elsewhere in Europe; our global headquarters are in London.

In Iceland, we operate the ISAL aluminium smelter. In February 2021, we reached an agreement on an amended power contract to allow ISAL to continue operating with an improved competitive position. ISAL produces some of the highest quality, lowest carbon footprint aluminium in the world and employs 500 workers on site.

And in Serbia, we continue to progress our Jadar project. Jadar is a world-class lithium borate deposit near the Serbian town of Loznica.

In 2020, we approved an additional investment of almost $200 million to fund a feasibility study and associated engineering, as well as permitting and land acquisition. An investment decision is due at the end of 2021, in line with the initial project schedule.

The deposit contains high-grade jadarite, a lithium sodium borosilicate mineral, with the potential to produce battery-grade lithium carbonate and supply the electric vehicle value chain for decades.

### Europe

| Total taxes and royalties paid in Europe in 2020 | $192m |
| Employer payroll tax paid in Europe in 2020 | $37m |
| Corporate income tax paid in Europe in 2020 | $153m |
| Europe pre-tax underlying loss in 2020 | $(156)m |
| Number of employees | 1,192 |
| Taxes collected on behalf of employees and remitted to European governments in 2020 | $56m |
Our operations in Africa include mines, refineries and processing plants. We have mineral sands operations in South Africa and Madagascar, while in Guinea, we have an iron ore project and a non-managed interest in a bauxite mine. We also conduct exploration activities across the continent. In 2020, we paid tax in South Africa, Guinea and Madagascar – and hope to continue to play a positive role in local communities.

Supporting our communities in challenging times

We work hard to support our communities and ensure they benefit from our operations. At Richards Bay Minerals (RBM) in KwaZulu-Natal, South Africa, we have been contributing to the community for more than 40 years. RBM is a joint venture between Rio Tinto (74%) and Blue Horizon – a consortium of investors and our host communities – Mbonambi, Sokhulu, Mkhwanazi and Dube – which owns 24%. The remaining shares are held in an employee trust.

Among other things, QIT Madagascar Minerals (QMM), in the Anosy region of Madagascar, provides funding for business support to a honey co-operative in Ampasy Nahampoana. We also work with the Centre d’Affaires Régional Anosy (CARA), in a partnership that has to date provided finance, marketing and training to more than 4,500 people and supported around 200 businesses.

High-grade iron ore

Our Simandou iron ore joint-venture project in Guinea is one of the world’s largest untapped and richest high-grade iron ore deposits, and complements our existing world-class iron ore portfolio. With an increasing focus on emissions and decarbonisation across the global steel industry, demand for high-grade ores is expected to continue to grow – and Simandou can be a key pillar for our role in this transition. Work continues on the technical optimisation of the project, with preparatory activity for an update of the project’s Environmental and Social Impact Assessment under way. We continue to engage with the government of Guinea about potential mechanisms for collaboration on infrastructure development.

Employees at our QMM operations, located in Madagascar

<table>
<thead>
<tr>
<th>$80m</th>
<th>$61m</th>
<th>$68m</th>
<th>$205m</th>
<th>3,572</th>
<th>$24m</th>
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<tbody>
<tr>
<td>Total taxes and royalties paid in Africa in 2020</td>
<td>Total taxes and royalties paid in South Africa in 2020</td>
<td>Corporate income tax paid in Africa in 2020</td>
<td>Africa pre-tax underlying earnings in 2020 (including equity accounted units)</td>
<td>Number of employees (including equity accounted units)</td>
<td>The amount of taxes collected on behalf of employees and remitted to governments of three countries in Africa in 2020</td>
</tr>
</tbody>
</table>
In Latin America, we have interests in three non-managed operations:

- **The Escondida copper mine**, located in the northern Atacama Desert, is moving to 100% renewable power by tapping into Chile’s rich solar and wind resources. This supports the country’s “Energia 2025” power policy target for 20% of all Chilean energy to come from renewable sources by 2025. Starting in mid-2021, the power supply at Escondida will be largely sourced from renewable energy.

- **Alumar – the alumina refinery**, in São Luís, Maranhão, north east Brazil - started operations in 1984 and has been an important economic driver in the region ever since. Expansions in 2009 more than doubled production and today, Alumar is the largest alumina refinery in South America.

- **The Mineração Rio do Norte (MRN) mine**, in Porto Trombetas, northern Brazil opened in 1979. Today, it is one of Brazil’s largest bauxite mines, and last year produced approximately 12.5 million tonnes of bauxite.

In Chile, Brazil and Peru, we own interests in copper and bauxite mines, as well as an alumina refinery. We own a 30% share in Escondida, in northern Chile, the world’s largest copper mine, which produces approximately 1.1 million tonnes of copper a year.
### Analysis by Country and Level of Government

This table shows the total of all tax and other payments to governments for every country where the Rio Tinto Group paid at least $100,000 in 2020. We do not earn any significant profit in countries not listed in this table. Within each country, total tax payments are reported by the national, regional or local government to which they are paid.

The analysis by country and level of government is prepared in accordance with the basis of preparation in Appendix 1.

<table>
<thead>
<tr>
<th>Country</th>
<th>Tax and other payments</th>
<th>Total tax payments</th>
<th>Corporate income tax</th>
<th>Government lottery</th>
<th>Royalties</th>
<th>Other taxes and payments</th>
<th>Employee payroll tax</th>
<th>Employee payroll taxes</th>
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<td>Australia Total</td>
<td>4,591.9</td>
<td>4,352.7</td>
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<td>183.0</td>
<td>41.4</td>
<td>6,375.9</td>
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<td>1,786.9</td>
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<td>1,783.6</td>
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<td>Northern Territory Revenue</td>
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<tr>
<td>Canada Total</td>
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<td>347.3</td>
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<td>Revenue Québec</td>
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<td>Government of Newfoundland and Labrador</td>
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<td>Ville de St-Joseph-de-Sorel (QC)</td>
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<td>0.8</td>
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<tr>
<td>Commission Scolaire du Lac-Saint-Jean (QC)</td>
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<td>0.5</td>
<td>0.5</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
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<tr>
<td>Municipalité de Péribonka (QC)</td>
<td>0.5</td>
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<tr>
<td>Town of Labrador City (NL)</td>
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<tr>
<td>Ville de St-Joseph-de-Sorel (QC)</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>-</td>
<td>-</td>
<td>0.9</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Government of Alberta</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>-</td>
<td>-</td>
<td>0.8</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Naskapi Nation of Kawawachikamach</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
<td>-</td>
<td>-</td>
<td>0.7</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other Canadian Governments</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
<td>0.3</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6,778.9</td>
<td>6,142.0</td>
<td>626.9</td>
<td>206.7</td>
<td>330.7</td>
<td>6,770.9</td>
<td>617.6</td>
<td></td>
</tr>
</tbody>
</table>

Note: The analysis by country and level of government is prepared in accordance with the basis of preparation in Appendix 1.

**Analytical Notes:**

- All data are based on the financial year ending December 31, 2020, unless otherwise stated.
- All data are rounded to the nearest thousand.
- All data are in Canadian dollars, unless otherwise stated.

**Source:** Rio Tinto Group, 2020 Annual Report.
<table>
<thead>
<tr>
<th>Country</th>
<th>Corporate income</th>
<th>Government royalties</th>
<th>Employee payroll</th>
<th>Other income and other</th>
<th>Total tax payments</th>
<th>Employee payroll borne</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mongolia</td>
<td>0.2</td>
<td>69.4</td>
<td>12.8</td>
<td>23.4</td>
<td>171.2</td>
<td>277.0</td>
</tr>
<tr>
<td>United States</td>
<td>13.4</td>
<td>39.4</td>
<td>12.8</td>
<td>23.4</td>
<td>171.2</td>
<td>277.0</td>
</tr>
<tr>
<td>Canada</td>
<td>13.4</td>
<td>39.4</td>
<td>12.8</td>
<td>23.4</td>
<td>171.2</td>
<td>277.0</td>
</tr>
<tr>
<td>Australia</td>
<td>13.4</td>
<td>39.4</td>
<td>12.8</td>
<td>23.4</td>
<td>171.2</td>
<td>277.0</td>
</tr>
<tr>
<td>New Zealand</td>
<td>13.4</td>
<td>39.4</td>
<td>12.8</td>
<td>23.4</td>
<td>171.2</td>
<td>277.0</td>
</tr>
<tr>
<td>South Africa</td>
<td>13.4</td>
<td>39.4</td>
<td>12.8</td>
<td>23.4</td>
<td>171.2</td>
<td>277.0</td>
</tr>
</tbody>
</table>

Total payments to governments | 5,481.1 | 2,097.9 | 115.5 | 365.9 | 343.2 | 4,803.6 | 1,353.3 |

Total 2020 net refunds from governments on sales taxes, VAT, GST, excise duties, fuel credits and withholding taxes on supplier invoices not borne by Rio Tinto were $15 billion. These refunds are not included in the table above.

1. Indigenous governments and other bodies have been included to comply with extractive industry reporting requirements in the United Kingdom and Canada.

2. The fiscal structure was agreed with the Government of Mongolia in 2009 and reaffirmed when the Underground Mine Development agreement was signed in 2015.

3. Inland Revenue Department.


11. Ministry of Economy.
### Tax and Other Payments to Governments Made on a Project-By-Project Basis

The analysis by project is prepared in accordance with the basis of preparation in Appendix 1.

<table>
<thead>
<tr>
<th>Project/Region</th>
<th>Corporate</th>
<th>Managed</th>
<th>Commercial</th>
<th>Effective Corporate Income Tax Rates on Total Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>income tax</td>
<td>Operations</td>
<td>Final Office and Managed Operations</td>
<td>Profit before tax</td>
</tr>
<tr>
<td>Iron Ore</td>
<td>4,635.4</td>
<td>1,780.7</td>
<td>2,186.0</td>
<td>15,391.0</td>
</tr>
<tr>
<td>Pilbara – Australia</td>
<td>4,619.6</td>
<td>1,789.2</td>
<td>0.1</td>
<td>5,189.0</td>
</tr>
<tr>
<td>Dangerous Salt – Australia</td>
<td>153.4</td>
<td>1.3</td>
<td>0.1</td>
<td>165.9</td>
</tr>
<tr>
<td>Copper and Diamonds</td>
<td>170.5</td>
<td>84.9</td>
<td>0.0</td>
<td>252.4</td>
</tr>
<tr>
<td>Gwalia Project – Malagasy</td>
<td>0.2</td>
<td>89.4</td>
<td>12.8</td>
<td>91.4</td>
</tr>
<tr>
<td>Kennabett Utah Copper – US</td>
<td>(44.1)</td>
<td>9.3</td>
<td>38.5</td>
<td>15.9</td>
</tr>
<tr>
<td>Resolution Copper – US</td>
<td>39.0</td>
<td>14.1</td>
<td>14.1</td>
<td>3.2</td>
</tr>
<tr>
<td>Grace – Canada</td>
<td>14.1</td>
<td>6.7</td>
<td>20.8</td>
<td>24.2</td>
</tr>
<tr>
<td>Angelite – Australia</td>
<td>21.2</td>
<td>1.0</td>
<td>19.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Drawbacks – Chile – EAU</td>
<td>236.9</td>
<td>1.0</td>
<td>237.9</td>
<td>3.3</td>
</tr>
<tr>
<td>Energy &amp; Minerals</td>
<td>435.3</td>
<td>9.1</td>
<td>32.7</td>
<td>477.1</td>
</tr>
<tr>
<td>Iron Ore Company of Canada</td>
<td>37.1</td>
<td>20.1</td>
<td>19.9</td>
<td>71.2</td>
</tr>
<tr>
<td>Richards Bay Minerals – South Africa</td>
<td>53.9</td>
<td>6.2</td>
<td>60.1</td>
<td>3.7</td>
</tr>
<tr>
<td>Mt. Site – Port-Tail – Canada</td>
<td>0.4</td>
<td>0.2</td>
<td>0.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Off-shore Minerals</td>
<td>0.7</td>
<td>0.4</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>US Barra</td>
<td>0.4</td>
<td>0.4</td>
<td>0.8</td>
<td>0.4</td>
</tr>
<tr>
<td>Pacific Fisher – Canada – EAU</td>
<td>–</td>
<td>0.1</td>
<td>0.1</td>
<td>–</td>
</tr>
<tr>
<td>Alkali Clays</td>
<td>–</td>
<td>0.1</td>
<td>0.1</td>
<td>–</td>
</tr>
<tr>
<td>Aluminum</td>
<td>6.9</td>
<td>162.1</td>
<td>5.6</td>
<td>174.6</td>
</tr>
<tr>
<td>Weipa including Alumina – Australia</td>
<td>(0.2)</td>
<td>122.8</td>
<td>1.1</td>
<td>113.6</td>
</tr>
<tr>
<td>Zinc – Australia</td>
<td>38.2</td>
<td>4.5</td>
<td>42.7</td>
<td>2.0</td>
</tr>
<tr>
<td>Sambangan – Guinea – EAU</td>
<td>1.4</td>
<td>1.4</td>
<td>2.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Pitta-Tolovale – Brazil – EAU</td>
<td>2.7</td>
<td>1.4</td>
<td>–</td>
<td>4.1</td>
</tr>
<tr>
<td>Exploration</td>
<td>(50.6)</td>
<td>–</td>
<td>13.7</td>
<td>(36.9)</td>
</tr>
<tr>
<td>Exploration – Australia</td>
<td>(39.9)</td>
<td>1.9</td>
<td>151.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Exploration – Chile</td>
<td>0.2</td>
<td>–</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Exploration – US</td>
<td>(7.1)</td>
<td>1.2</td>
<td>10.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Exploration – Peru</td>
<td>10.1</td>
<td>14.3</td>
<td>24.4</td>
<td>13.8</td>
</tr>
<tr>
<td>Exploration – Brazil</td>
<td>0.1</td>
<td>0.3</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Exploration – Guinea</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Exploration – Other</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Non-Extractive Projects</td>
<td>277.6</td>
<td>61.1</td>
<td>0.6</td>
<td>329.3</td>
</tr>
<tr>
<td>Building and Refineries</td>
<td>57.3</td>
<td>56.1</td>
<td>0.3</td>
<td>113.3</td>
</tr>
<tr>
<td>Commercial, Financial, Head Office and Managed Operations</td>
<td>220.3</td>
<td>0.6</td>
<td>225.6</td>
<td>57.0</td>
</tr>
</tbody>
</table>

**Total payments to governments**

1. Copper Salt is repositioned in Iron Ore, reflecting management responsibility.
2. EAU: Equity-accounted units will not be included in the Initial UK EIS of the “Reconciliation of Payments to Governments” to be filed at Companies House.

---

### Reconciliation of Accounting Profit, Tax Charge, Corporate Income Tax Paid and Royalties

#### Reconciliation of 2020 accounting profit and total tax charge

<table>
<thead>
<tr>
<th>Reconciliation of 2020 total tax charge and current tax charge</th>
<th>Profit before tax</th>
<th>Total tax charge</th>
<th>Effective corporate income tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,391.0</td>
<td>5,603.6</td>
<td>33.4</td>
</tr>
<tr>
<td>Less: share of profit after tax of equity accounted units</td>
<td>850.0</td>
<td>280.0</td>
<td>33.1</td>
</tr>
<tr>
<td>Add: impairment after tax of investments in equity accounted units</td>
<td>339.0</td>
<td>15,078.0</td>
<td></td>
</tr>
<tr>
<td>Expected tax charge at UK rate of 19%</td>
<td>2,861.0</td>
<td>5,550.0</td>
<td></td>
</tr>
<tr>
<td>Higher rate of tax on Australian underlying earnings at 30%</td>
<td>1,779.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of items excluded from underlying earnings (A)</td>
<td>280.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other tax rates applicable outside the UK and Australia (B)</td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalty on previously unreconciled deferred tax assets</td>
<td>173.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Write-down of previously recognised deferred tax assets</td>
<td>156.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>25.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total tax charge</td>
<td>4,991.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Reconciliation of accounting profit to tax charge

1. Royalty on previously unreconciled deferred tax assets
2. Remaining deferred tax assets included in underlying earnings
3. Post-retirement benefits
4. Other temporary differences
5. Effective corporate income tax rates on total earnings

**Reconciliation of 2020 total tax charge and current tax charge**

<table>
<thead>
<tr>
<th>Reconciliation of 2020 total tax charge and current tax charge</th>
<th>Profit before tax</th>
<th>Total tax charge</th>
<th>Effective corporate income tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,391.0</td>
<td>5,603.6</td>
<td>33.4</td>
</tr>
<tr>
<td>Less: share of profit after tax of equity accounted units</td>
<td>850.0</td>
<td>280.0</td>
<td>33.1</td>
</tr>
<tr>
<td>Add: impairment after tax of investments in equity accounted units</td>
<td>339.0</td>
<td>15,078.0</td>
<td></td>
</tr>
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<td>5,550.0</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Impact of items excluded from underlying earnings (A)</td>
<td>280.0</td>
<td></td>
<td></td>
</tr>
<tr>
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<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalty on previously unreconciled deferred tax assets</td>
<td>173.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Write-down of previously recognised deferred tax assets</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>25.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total tax charge</td>
<td>4,991.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Effective corporate income tax rates on total earnings

<table>
<thead>
<tr>
<th>Effective corporate income tax rates on total earnings</th>
<th>Profit before tax</th>
<th>Total tax charge</th>
<th>Effective corporate income tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,391.0</td>
<td>5,603.6</td>
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<td>850.0</td>
<td>280.0</td>
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<tr>
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<td>339.0</td>
<td>15,078.0</td>
<td></td>
</tr>
<tr>
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<td>2,861.0</td>
<td>5,550.0</td>
<td></td>
</tr>
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<td>Higher rate of tax on Australian underlying earnings at 30%</td>
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<td>280.0</td>
<td></td>
<td></td>
</tr>
<tr>
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<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
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<td>173.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Write-down of previously recognised deferred tax assets</td>
<td>156.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>25.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total tax before tax</td>
<td>15,391.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Pursuing a Sustainable Tax Strategy

Tax policy can play a role in supporting economic activity, growth and employment. It provides an important opportunity for countries to support increasing community needs. Encouraging and supporting investment creates jobs and a country’s ability to attract and retain it. Encouraging and supporting investment provides an important opportunity for countries to support increasing community needs. Tax policy can play a role in supporting economic activity, growth and employment.

Payments to Governments and the Mining Life Cycle

Our projects are long-term investments, and the amount we contribute to governments varies depending on where the project is in its life cycle.

We believe tax policy should take into account the significant upfront investment required to build world-class operations and the cyclical nature of our industry and respect agreements under which investment capital has already been committed.

Our operations generate considerable value, both economic and social, to the communities where we operate. The risk of fiscal instability can influence the global flow of investment and a country’s ability to attract and retain it. Encouraging and supporting investment provides an important opportunity for countries to support increasing community needs.

By partnering with investors, governments and civil society, multinational companies like ours can be at the forefront of catalysing a better way of doing business. The B Team Responsible Tax Principles define what leadership in responsible tax looks like and were developed by a group of cross-sector, cross-regional companies to articulate best practice in seven key areas. Our disclosures in this report demonstrate our approach to the seven Responsible Tax Principles:

1. **Tax**: Is a core part of corporate responsibility and governance and is overseen by the board of directors (the board).
2. **We** comply with the tax legislation of the countries in which we operate, and pay the right amount of tax, at the right time, in the countries where we create value.
3. **We** only use business structures that are driven by commercial considerations, are aligned with business activity and which have genuine substance. We do not seek abusive tax results.
4. **We** seek, wherever possible, to develop cooperative relationships with tax authorities, based on mutual respect, transparency and trust. Transparency is an enabler of sustainable development, which is why it sits as a foundational base of our refreshed integrated sustainability approach. We are therefore committed to supporting the meaningful disclosure of our economic contribution, including payments to local and national governments.
5. **Where** we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks.
6. **We** engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.
7. **We** provide regular information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax and taxes paid.

The B Team is a not-for-profit initiative formed by a global group of business leaders to catalyse a better way of doing business. The B Team Responsible Tax Principles define what leadership in responsible tax looks like and were developed by a group of cross-sector, cross-regional companies to articulate best practice in seven key areas.

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2. **We** comply with the tax legislation of the countries in which we operate, and pay the right amount of tax, at the right time, in the countries where we create value.
3. **We** only use business structures that are driven by commercial considerations, are aligned with business activity and which have genuine substance. We do not seek abusive tax results.
4. **We** seek, wherever possible, to develop cooperative relationships with tax authorities, based on mutual respect, transparency and trust. Transparency is an enabler of sustainable development, which is why it sits as a foundational base of our refreshed integrated sustainability approach. We are therefore committed to supporting the meaningful disclosure of our economic contribution, including payments to local and national governments.
5. **Where** we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks.
6. **We** engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.
7. **We** provide regular information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax and taxes paid.

The B Team is a not-for-profit initiative formed by a global group of business leaders to catalyse a better way of doing business. The B Team Responsible Tax Principles define what leadership in responsible tax looks like and were developed by a group of cross-sector, cross-regional companies to articulate best practice in seven key areas.
Our Approach to Tax

The primary responsibility of the Group in relation to taxation is to ensure compliance with the law and relevant statutory compliance obligations. Within the limits established by these statutory requirements, and subject to the principles set out in this policy, the Group manages its tax affairs in a proactive manner that seeks to maximise shareholder value in accordance with the Group’s strategy.

Tax risk management and governance
- The Board reviews and approves the Policy, and management’s adherence to it, on an annual basis.
- Management enforces the Policy and monitors the appropriateness, adequacy and effectiveness of the tax risk management systems.
- Subject to oversight by the Board and management, the conduct of the Group’s tax affairs and the management of tax risk is delegated to a global team of tax professionals.
- The Group complies with documented tax risk management procedures and thorough risk assessments are completed before entering into significant transactions.
- The Group adopts formal processes to identify and manage risks. Material risks are reported to the Board Audit Committee.
- We apply the arm’s length principle to cross-border transactions in line with guidelines issued by the Organisation for Economic Co-operation and Development (OECD).

Deals with tax authorities
- The Group values having good relations with tax authorities and is committed to transparency with tax authorities.
- The Board reviews and approves the Policy, and management’s adherence to it, on an annual basis.
- Management enforces the Policy and monitors the appropriateness, adequacy and effectiveness of the tax risk management systems.

Principles of tax planning and tax risk management
- The Group’s tax planning and management of tax risk is aligned with our business strategy and conforms to our global code of business conduct.
- The Group actively considers the implications of tax planning and risk management activities on the Group’s corporate reputation.
- The Group proactively engages with tax authorities on a real-time basis, including participation in co-operative compliance arrangements.
- The Group actively considers the implications of tax planning and risk management activities on the Group’s corporate reputation.
- The Group actively considers the implications of tax planning and risk management activities on the Group’s corporate reputation.

Taxes Paid: Our Economic Contribution 2020

Subject to oversight by the Board and management, the conduct of the Group’s tax affairs and the management of tax risk is delegated to a global team of tax professionals.

As required by UK law we publish our Tax Strategy on an annual basis as part of this document. The statements on page 29 explain our approach to tax for the year ended 31 December 2021 as required by paragraph 16, Schedule 19 of Finance Act 2016. These statements are reviewed annually by the Board and were last approved on 28 October 2020.

In 2020 we also disclosed additional mineral development contracts with governments, where they are not subject to confidentiality restrictions, thus meeting the commitments we made in our Transparency Statement which can be found on our website.

We continue to encourage governments to allow such disclosures. We have disclosed contracts relating to large, well-progressed projects that justify having specific contracting arrangements. We have not included contracts with a minimal or indirect connection to mineral development, peer licences and legislation which also apply to other companies and projects. We also continued to disclose information about the beneficial owners of our joint ventures in line with EITI standards and expectations. These disclosures can be found on our website.

We continue to engage with governments and other stakeholders to share our experiences on disclosure and transparency, and we encourage the harmonisation of reporting obligations aligned with global best practices. We believe that the creation of a consistent standard by which companies can report their contributions with integrity and responsibility is essential to promoting confidence in business. We support the initiative by the Global Sustainability Standards Board of the GRI in formulating a Tax & Payments to Governments standard.

These reports show how tax disclosures can be made by groups on a voluntary basis. In a number of areas, including sustainability, voluntary transparency has been shown to encourage innovation in reporting, while proactive engagement with stakeholders has been shown to support the development of improved reporting models. We support these trends.

Building a track record of transparency

We recognise the role we can play in helping to build strong, sustainable economies by contributing to the federal, state, provincial and local governments where we operate. We have been making comprehensive disclosures around our tax payments since publishing our first Taxes Paid Report in 2010, and we aim to continue to improve our tax payment reporting by adopting new best practices and meeting evolving regulatory requirements. Our annual disclosures include country-by-country data on taxes and payments to government, as well as project-by-project disclosures.

This year, consistent with our commitment to building on transparency about our economic contribution, we are reporting in full the requirements of the “Tax” standard (GRI 207) of the Global Sustainability Standards Board of the Global Reporting Initiative (GRI), including full country-by-country reporting.

This report, coupled with our 2019 Country-by-Country report, applies the requirements of GRI 207 which applies to reports or other materials published on or after 1 January 2021. This report includes Rio Tinto’s management approach disclosures under GRI 207 in respect of:

- Disclosure 207-1 Approach to tax
- Disclosure 207-2 Tax governance, control, and risk management
- Disclosure 207-3 Stakeholder engagement and management of concerns related to tax

Our 2019 Country-by-Country report contains Rio Tinto’s topic-specific disclosures under GRI 207, namely:

- Disclosure 207-4 country-by-country reporting

GRI 207 recognises that the information required under disclosure X07.4 may not be available for the time period covered by the most recent audited consolidated financial statements. The standard therefore provides that the organisation may report information for the time period covered by the audited consolidated financial statements immediately preceding the most recent period. The Country-by-Country Report released in 2021 is therefore compiled using data for the year ended 31 December 2019.

This report also meets the requirements of the Australian voluntary Tax Transparency Code. We also file additional reports to disclose payments to governments connected with extractive activity to meet requirements in the UK and Canada (Chapter 1 of IFRS Accounting Directive 2013/34 and the Extractive Sector Transparency Measures Act respectively). These reports include the project-by-project information disclosed in this report.
Our approach to regulatory compliance

The Group has a robust governance, control and risk management system in place to ensure its approach to tax is embedded in the organisation. The Board reviews and approves the Tax Policy and management objectives and arrangements. The Group's tax function enforces the policy and monitors the appropriateness, effectiveness and efficiency of the Group’s tax management system and processes.

Subject to oversight by the Board and the management, the conduct of the Group’s tax affairs and the management of tax risk is delegated to a global team of tax professionals led by the Head of Tax which reports to the Chief Financial Officer. These tax professionals are provided with regular training on the Group’s approach to tax and provide an annual report to the Board on their activities with the Tax Policy and associated policies, procedures and controls.

The Group complies with documented tax risk management procedures and thorough risk assessments are completed before entering into significant transactions. The Group adopts formal processes to identify and manage risks. Material risks are reported to the Board Audit Committee. Regular internal audits are conducted to provide assurance over compliance.

We are committed to conducting our business fairly, in compliance with the law, and in accordance with our core values of safety, teamwork, respect, integrity and excellence. We are also committed to fostering a culture where people feel safe to report conduct which does not align with these values. This is an essential component within our broader risk management framework, and key to our ongoing success and ability to operate. The Group’s whistleblower programme channels are key to meeting our commitment to protect and prevent retaliation against those who speak up.

Intra-group transactions

The operation of a large multinational company such as ours involves many transactions between our Group entities and other countries. Transactions between Group entities are driven by commercial reality, and pricing of these transactions is set to ensure that remuneration for each entity involved is aligned with its underlying business activity and relative contribution. We set our transfer prices using the arm’s length principle in line with transfer pricing guidelines issued by the OECD and in accordance with local country regulations. We implement globally-consistent transfer pricing policies so that the pricing of transactions between Group entities reflect the underlying economic contribution and pricing of these transactions is set to ensure that remuneration for each entity involved is aligned with its underlying business activity and relative contribution.

We support international co-operation between tax authorities by treaties where appropriate to obtain certainty and mitigate double taxation. We seek bi-lateral or multi-lateral agreements under the relevant double tax conventions and have signed double tax conventions with more than 70 countries.

Details of our material intra-group transactions are discussed in more detail below.

Commercial centre activities

Our Commercial group encompasses our global sales and marketing, insurance, transfer pricing and logistics businesses, supported by functions including market analysis, economics, commercial treasury, insurance, human resources, legal, corporate relations and finance. This enhances collaboration and the sharing of commercial best practices across product groups and other corporate functions. Singapore is a recognised centre globally for its trading activities across the entire trading spectrum and legal environment that encourages trade and investment. The country’s critical mass of global commodities expertise and depth of commercial, marine and logistics capabilities give us the distinct competitive advantage.

Our Singapore operations provide access to a large, diverse and highly-trained talent pool. Many of our marine traders, trading partners and service providers have offices in Singapore.

Our commercial teams work closely with our product groups to enable us to meet customer needs and market demands. By harnessing the skills, knowledge and insights we acquire from every market we buy, sell and move around the world, we focus on deepening customer and market insight, improving connections and accelerating decisions between our markets and assets and partnering with customers and suppliers to generate additional value. We are also building an integrated physical and digital trading platform (called TradingOne) that allows us to design and execute our activities to maximise the value of our portfolio. Obtaining the best value for our products maximises the value to our company, our shareholders and the stakeholders in the jurisdiction in which we have been operating.

As a critical supply chain partner to our mining businesses, our marine and logistics business is responsible for providing safe and sustainable global shipping services and acting as the central repository of marine and logistics expertise.

A key focus is on ensuring high operational and safety standards, across our fleet of third party ships, and in our third party and traded sales offices. We currently employ approximately 50 marine professionals in Singapore, supported by teams in Montreal, Chicago, Perth, Shanghai and Singapore. By Glaucia Clark shipping business in the world, owning 17 vessels and contracting a fleet of around 230 vessels at any given time. The logistics team supports Glaucia Clark, which is based in Singapore, its Singaporean position is a leading international maritime centre, tapping into its ecosystem of maritime and logistics expertise.

We could not produce materials essential to human progress without our tax professionals in Singapore, supported by teams in Montreal, Chicago, and marine and logistics businesses, supported by functions including market analysis, economics, commercial treasury, insurance, human resources, legal, corporate relations and finance. This enhances collaboration and the sharing of commercial best practices across product groups and other corporate functions. Singapore is a recognised centre globally for its trading activities across the entire trading spectrum and legal environment that encourages trade and investment. The country’s critical mass of global commodities expertise and depth of commercial, marine and logistics capabilities give us the distinct competitive advantage.

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Our Approach to Tax

Our entities in some locations pay tax on premiums paid to the captive insurance entities. For example, Australian tax laws require foreign residents to pay tax in Australia on premiums received from Australia resident entities. In 2020, a tax payment of approximately $4.5 million was made to the ATO on behalf of our captive insurance company.

Group services functions
Our services functions perform an important role within our Group operating model, focusing on activities across headquarters, central support and shared services. These functions include exploration, productivity, innovation, health, safety and environment, finance, human resources, information systems and technology, legal and external affairs. Personnel from these functions are based all around our global business, supporting product groups, business units and other functions. A service fee is typically charged for services provided between the Group entities consistent with OECD transfer pricing guidelines.

Tax incentives
Tax incentives are an important mechanism used by countries and regions to attract investment and stimulate growth in their economies; and we avail ourselves of concessions and incentives where they align with our business activities and commercial objectives.

The Singapore government has granted our company a tax incentive that applies to the profits of our Singapore sales and marketing, and procurement businesses. This is one of a range of incentives that is legislated and open to all taxpayers in Singapore if they can demonstrate significant contribution to the economy and meet the criteria set by the government. If we meet the substance and activity requirements of the incentive, we will pay a reduced tax rate of 5% on eligible profits from these activities until 2022, after which the rate increases to 5.5% until 2027.

The Singapore government has also granted our company a full exemption on income from qualifying shipping activities until 2027 under the Maritime Sector Incentive – Approved International Shipping (MIS-AIS) Enterprise Scheme. Income from qualifying insurance activities is also exempt until 2023 under the Tax Exemption Scheme for Captive Insurers carrying on Offshore Insurance Businesses. These incentives are contingent on the location of significant economic substance in Singapore and are available to all qualifying taxpayers. In addition, the Singapore Government has granted a tax incentive under Section 13X to a Singaporean financing entity in the Turquoise Hill for Captive Insurers carrying on Offshore Insurance Businesses. These incentives are contingent on meeting the criteria set by the legislation and open to all taxpayers in Singapore if they can demonstrate a significant contribution to the economy and meet the criteria set by the government relief subsidies in 2020.

As noted above, we have also committed to disclose contracts with governments in relation to minerals development that are not subject to confidentiality agreements, and we encourage governments to allow such disclosure.

Tax haven entities
There is no commonly accepted definition of the term “tax haven”. We regard a “tax haven” entity as a controlled entity which is resident for tax purposes in a country with a general corporate income tax rate of 10% or less. Countries with relatively high headline tax rates often make policy decisions to exempt certain categories of income or gains from tax, or to apply lower tax rates to certain activities, by way of incentive. Other countries may choose to create a relatively low overall tax environment as a means of stimulating economic activity. We have disclosed details about incentives applied to our business activities above.

We have approximately 491 controlled entities, of which six are tax resident in “tax havens,” as defined above. Of those six entities, two are in the process of liquidation. We continue to make progress on reducing the number of entities tax resident in “tax havens.” Details of the six remaining entities are summarised in the table below.

<table>
<thead>
<tr>
<th>Name</th>
<th>Jurisdiction of Tax Residence</th>
<th>Year of Incorporation</th>
<th>Nature of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>THR Oyu Tolgoi Ltd</td>
<td>British Virgin Islands</td>
<td>2000</td>
<td>Dormant holding company.</td>
</tr>
<tr>
<td>North IDC (Bermuda)</td>
<td>Bermuda</td>
<td>1997</td>
<td>Holding company – no tax benefit is obtained from this entity. Entity is under review.</td>
</tr>
<tr>
<td>North IDC (Bermuda) Limited</td>
<td>Bermuda</td>
<td>1997</td>
<td>Holding company – no tax benefit is obtained from this entity.</td>
</tr>
<tr>
<td>QIT Madagascar Minerals Ltd</td>
<td>Bermuda</td>
<td>1986</td>
<td>Provides interest-free loan funding to Group operating companies. The funding is in substance equity but is required to have the legal form of debt to avoid diluting the equity rights of host governments pursuant to mine development and investment agreements.</td>
</tr>
<tr>
<td>Simfer Jersey Finance 1 Ltd</td>
<td>Jersey</td>
<td>2013</td>
<td>Provided interest-free loan funding to Group operating companies. This funding arrangement was unwound in 2020 and these entities are in the process of being liquidated.</td>
</tr>
<tr>
<td>Simfer Jersey Finance 2 Ltd</td>
<td>Jersey</td>
<td>2013</td>
<td></td>
</tr>
</tbody>
</table>

We have a small number of additional entities which are incorporated in tax haven countries but which are tax resident in either the UK, US or Australia and are therefore subject to taxation at the rates applicable in these countries.

A list of our subsidiaries can be found in our Annual Report.

Approach to engagement with tax authorities
We value strong, productive relationships with tax authorities, with whom we are committed to working transparently, proactively and constructively. In line with our code of conduct, The Way We Work, we follow established procedures and channels in all our dealings, both with tax authorities and government officials, and our engagements with them are professional and honest.

We proactively engage with tax authorities as issues, concerns and questions arise and to keep them updated on our business, including through co-operative compliance arrangements. For example, in Australia, we have voluntarily entered into an Annual Compliance Arrangement (ACA) with the ATO. The ACA is a voluntary administrative arrangement used to manage an overall compliance relationship with the ATO in an open and transparent manner. Under the ACA, we agree to disclose material transactions and changes to our business in real time, as they occur. We also participate in the ATO’s Justified Trust approach to obtaining a level of assurance around the tax treatments we adopt in our filings.

In the UK, US and Canada, we participate in relevant large business compliance programmes, and work co-operatively with the examination teams to help them understand our transactions and tax reporting. We work with tax authorities to understand our business by participating in consultation processes, and through presentations and hosting site visits, all of which allow the authorities to gain a deeper understanding of our business.

Where there is uncertainty or disagreement in the application of the law, we work with tax authorities to seek clarity or resolve disagreements on a timely basis. As Australian tax law is designed to incentivise investment in R&D, we engage proactively with tax authorities to provide information and support for our tax positions and look for ways to constructively resolve disagreements.

In January 2018, the Mongolian tax authority issued tax assessments to Oyu Tolgoi totaling $155 million for the 2013-15 tax years. Oyu Tolgoi paid $5 million in January 2018 but disputed the remaining balance. At the time of writing, Oyu Tolgoi was attempting to negotiate an outcome to this dispute; the parties jointly agreed to refer the matter to international arbitration for resolution in accordance with the terms of our 2009 Investment Agreement.

In December 2020, the Mongolian tax authority issued further tax assessments totaling $228 million in cash tax for the 2016-18 years, and further sought to clawback tax losses of approximately $5 billion. The adjustments in the most recent tax assessment reflect similar matters to those raised in the January 2018 assessment. Accordingly, they have been added to the existing international arbitration process. The tax assessed under both the January 2018 and December 2020 tax assessments has been paid in full but will be refundable if the matters are resolved in Oyu Tolgoi’s favour via the international arbitration process. The disputed taxes paid are in addition to the $1.4 billion of taxes and royalties paid in Mongolia for the years in dispute.

Supporting effective tax systems
Stable, competitive, fair and effective tax systems are important to incentivise investment, which, in turn, underpin economic growth and development. The competitiveness of different tax systems can influence investment decisions through the impact on after-tax returns. Stability, fairness and certainty are vital for the significant, long-term investments inherent in our industry. Effective tax systems minimise distortions to business investment decisions and ensure that the mix of taxes support economic efficiency and growth.

Our code of conduct, The Way We Work, sets clear standards to uphold our political integrity. As a company, we do not favour any political party, group or individual, or involve ourselves in party political matters. We operate on a politically neutral basis. The Rio Tinto Group does not make any political donations.

The efficiency of tax administration supports effective investment environments and ensures that the taxes we pay benefit the communities in which we operate. These factors are important in both developed and developing countries.

We engage in public policy discussions on issues that affect or could affect our business, including by contributing relevant information and sharing experiences that help create-able outcomes.

Accordingly, we engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration. We do this by engaging both directly and via industry associations such as the International Council on Mining & Metals (ICMM), Business at OECD (BIAC), the Minerals Council of Australia (MCA), Business Council of Australia, the Organization for International Investment (OFII) and the National Mining Association in the US, the Mining Association of Canada (MAC) and local taxpayer associations.

We join industry associations where membership provides value to our business, investors and other stakeholders. As part of our commitment to transparency, we publish the principles that guide our participation, the way we engage, as well as a list of the top five memberships by fees paid. This information can be found on our website.

We value a diversity of thoughts and ideas and are open to conversations – including concerns – that can help us improve the way we run our business. We recognise that the relationship between our company and civil society organisations can play in supporting and advocating for responsible business conduct as demonstrated by our adoption of the IB Team Responsible Tax Principles and our active participation in supporting the IB Team Agenda.

We actively promote transparent and responsible tax practices and engage with civil society on initiatives to advance transparency over tax and payments to governments, and in fact, our steady progression on disclosures and transparency are directly informed by feedback from our stakeholders around the world.

Our Approach to Tax

Taxes Paid: Our Economic Contribution 2020 | riotinto.com

Taxes Paid: Our Economic Contribution 2020 | riotinto.com
Independent Auditor’s Report to Rio Tinto plc and Rio Tinto Limited

Report on the Audit of the Selected Information

Opinion
We have audited the Selected Information in the report “Taxes Paid: Our Economic Contribution 2020” (“the Report”) of Rio Tinto plc and Rio Tinto Limited (“the Group”) for the year ended 31 December 2020, which comprises the totals included in the section of the Report entitled “Analysis by country and level of government” for the following balances:

- Total payments to government borne of $8,403.6 million; and
- Employee payroll taxes of $1,353.3 million;

being together “the Selected Information”.

In our opinion, the Selected Information of the Group for the year ended 31 December 2020 is properly prepared, in all material respects, in accordance with the special purpose basis of preparation set out in Appendix 1 to the Report.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”), including ISAs (UK) 800, and the terms of our engagement letter dated 9 March 2021. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC’s Ethical Standard as applied to listed public interest entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – special purpose basis of preparation
We draw attention to Appendix 1 of the Report, which describes the basis of preparation of the Selected Information. As explained in that Appendix, the Selected Information has been prepared in accordance with a special purpose framework to provide its readers an overview of the total payments made by the Group to governments worldwide. As a result, the Selected Information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect
We have evaluated the risk of material misstatements arising from fraud and errors to a level that permits us to conclude, with reasonable assurance, that our audit provides a high degree of assurance that the selected financial data is free of material misstatements due to fraud.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Selected Information from our general commercial and sector experience through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Selected Information varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the Selected Information including financial reporting legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Selected Information.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Selected Information. We identified the following areas as those most likely to have such an effect: employment law, auditing standards and the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of laws and regulations
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Selected Information, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and circumstances of the Selected Information, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of non-compliance, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information
Management are responsible for the other information presented in the Report together with the Selected Information. Our opinion on the Selected Information does not cover the other information and, accordingly, we do not express an audit opinion on the other information.

We have obtained an understanding of the Group’s internal control environment and have assessed its operating effectiveness to determine whether it was suitable to audit the Selected Information.

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The tax payment information in this report has been prepared on the following basis:

The report gives its readers an overview of the total payments that we made to governments worldwide, underscoring the direct contribution that we make to public finances.

Rio Tinto includes Rio Tinto plc, Rio Tinto Limited and subsidiaries, and joint ventures (hereafter and above – “Rio Tinto” or “the Group”). The scope of reporting is described further below.

The Basis of preparation supports the following data for our company included in the report:

- Total payments to governments borne
- Employee payroll taxes
- Taxes refunded

It is the responsibility of the management of our company to ensure that appropriate procedures are in place to prepare reporting in line with, in all material respects, this Basis of preparation.

All data, unless otherwise stated, are prepared for the year from 1 January to 31 December 2020. Data as they relate to taxes paid, collected or refunded, are included when cash is released from, or received by, our company.

Data are prepared based on a 100% basis for all operations in which we have a controlling interest, and on our share where we do not have a controlling interest.

Where an acquisition is completed in the year, or a company is newly consolidated in the year, the numbers relating to that business are included from the date of acquisition; where a disposal has been completed in the year, the numbers relating to that disposal have been included up to the point of disposal.

In addition to the above, where full information for non-controlled and divested entities’ tax payments, consistent with the Basis of preparation, has not been available, no information on the tax payments, collections or refunds for that business is reported (none in 2020).

Restatements

The measuring and reporting of the data may in some circumstances involve a degree of estimation. In exceptional circumstances, restatements of prior year reported data may be required, this will be determined on a case-by-case basis (none in 2020).

Scope and methodology of reporting

Reporting currency

All payments to governments have been reported in US dollars unless indicated otherwise.

Organisational reporting boundaries

The “Analysis by country and level of government” section of the report sets out taxes paid by our business units to governments in the countries in which they operate, organised by country and named level of government.

Countries where taxes paid in the year are less than $0.1 million are excluded from reporting. Taxes are reported at a named local, regional and national level for each government to which one of our business units has paid taxes greater than $0.1 million in 2020.

Analysis by project

The report also includes an analysis of our taxes paid by project. Where payments are not directly referable to a specific extractive project, they are included in aggregate as “non-extractive project-related payments”. Payments that are related to corporate head office, commercial, financing and managed operations are not attributed to a specific project. Project amounts include payments/credits between entities within tax groups where the final payments to government are paid by the head/representative entity on behalf of the tax group. Where project-related payments have been made, the amount paid is included by project to the nearest $0.1 million.

Scope of data reporting

The scope of the data reporting is described in each definition below.

- “Tax” in this report means any amount of money required to be paid to, or repaid by, a government. In overview, the key information shown is as follows.

Payments to governments borne

These are the taxes that we are obliged to pay to a government on our behalf, or taxes that we are obliged to pay to a third party and that cannot be recovered from a government. The main taxes we have included in this category are:

Corporate income tax

This comprises any tax on the business calculated on the basis of its profits including resource rent taxes, income or capital gains together with withholding taxes on payments of dividends or other distributions of profits. Typically, these taxes would be reflected in corporate income tax returns made to governments, and tend to become payable, and are paid, either in the year the profits were made or distributed, or up to one year later, depending on local tax rules.

Government royalties

This comprises payments made to governments in the form of royalties and resource rents (non-profits based), for example for the extraction of minerals or metals. Typically, these taxes tend to become payable, and are paid, in the year to which they relate.

Government levies on production

This comprises taxes that are required to be withheld in advance on payments made to suppliers. Typically, these taxes would be reflected in income tax returns made to governments and tend to become payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after the submission of the return.

Employee payroll taxes collected

This comprises payroll and employee taxes withheld from employee remuneration, and paid to governments, for example tax that we have collected and remitted to governments on behalf of employees. Typically, these taxes would be reflected in payroll tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after the submission of the return.

Net taxes refunded

Taxes refunded reported in the footnotes to the table of the “Analysis by country and level of government” section of the report are as follows:

Sales taxes/VAT/GST/Excise duties

This comprises net amounts refunded from governments that a company has paid on its supplies, for example on raw materials, and is entitled to recover. Such a refund does not result in a net cost to governments.

Withholding taxes collected from suppliers

This comprises taxes that are required to be withheld in advance on payments made to suppliers. Typically, these taxes would be reflected in income tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after the submission of the return.
**Glossary of Terms**

**Corporate income tax**
All taxes that are levied on the taxable profits of a corporate entity.

**Current tax**
The corporate income tax due in respect of taxable profits of an accounting period, as defined in the International Financial Reporting Standard IAS 12.

**Deferred tax**
The corporate income tax due in respect of temporary differences between accounting values and tax bases, as defined in the International Financial Reporting Standard IAS 12.

**Effective corporate income tax rate**
The corporate income tax charge in a given accounting period divided by the accounting profit before tax.

**Effective income tax and royalty rate**
The corporate income tax charge plus royalty charge in a given accounting period divided by the accounting profit before tax and royalties.

**Government**
Any governing body of a nation, state, region or district, excluding any commercial enterprises or financial institutions that are wholly or partially government-owned.

**Indirect tax**
Taxes imposed on goods and services rather than on income or profits. Examples include VAT, CST, sales tax, excise duties, stamp duty, services tax, registration duty.

**Project**
Operationally and geographically integrated contracts, licences, leases or concessions giving rise to tax liabilities in relation to extractive activities in accordance with Chapter 10 of the EU Accounting Directive.

**Profit before tax**
Accounting profit for a period before deducting a charge for corporate income taxes.

**Rio Tinto/the Group/Rio Tinto Group**
Rio Tinto plc, Rio Tinto Limited and their subsidiaries, associates and joint arrangements.

**Tax**
Any amount of money required to be paid to a government, whether by law or by agreement, including without limitation corporate income tax, government royalties, licence fees, permitting fees, property taxes, dividends where the payment is related to extractive activities, employment taxes, sales taxes, stamp duties and any other required payments.

**Tax borne**
Tax that a person or company is obliged to pay to a government, directly or indirectly, on their own behalf.

**Tax charge**
The amount of corporate income tax included in the income statement of a company for an accounting period.

**Tax collected**
Tax that a person is obliged to pay to a government on behalf of another person.

**The report**

**Underlying earnings and pre-tax underlying earnings**
"Underlying earnings" is defined in the Alternative Performance Measures section of the 2020 Annual Report on page 331 as being the net earnings attributable to the owners of Rio Tinto, adjusted to exclude items which do not reflect the underlying performance of the Group’s operations.

For the purposes of this report, "pre-tax underlying earnings" means the underlying earnings before corporate income tax and before adjustment for minority interests. Unless otherwise stated, pre-tax underlying earnings exclude the results of equity accounted units.