

RioTinto



Taxes Paid:
Our Economic
Contribution 2020

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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)

On the cover: Two children enjoying ice cream in Australia
This page: Landscape in the Pilbara region of Western Australia


\$8.4bn

Taxes and royalties paid in 2020

\$47bn

Direct economic contribution in 2020

\$6.8bn

Taxes and royalties paid in Australia in 2020

\$220bn

Economic contribution since 2016 to the countries and communities where we operate

\$54bn

Taxes and royalties paid in Australia over the last 10 years

\$15.5bn

paid to suppliers globally in 2020

An important economic contribution at an important time

As the COVID-19 virus threatened lives and livelihoods around the world, our entire company mobilised to safeguard our employees, contractors and local communities, and to keep our operations running safely and smoothly.

In 2020, the strength and resilience of our business enabled us to protect thousands of jobs across our supply chain - and continue to pay taxes and royalties to governments - when many other companies were forced to cut back. We thank the many governments, customers and partners around the world, whose support helped keep our operations running.

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



Group effective corporate income tax rate on underlying earnings in 2020

29.5%

Group effective income tax and royalty rate on underlying earnings in 2020

37.3%



Australian effective corporate income tax rate on underlying earnings in 2020

31.7%

Australian effective income tax and royalty rate on underlying earnings in 2020

39.4%

Group effective corporate income tax rate on underlying earnings

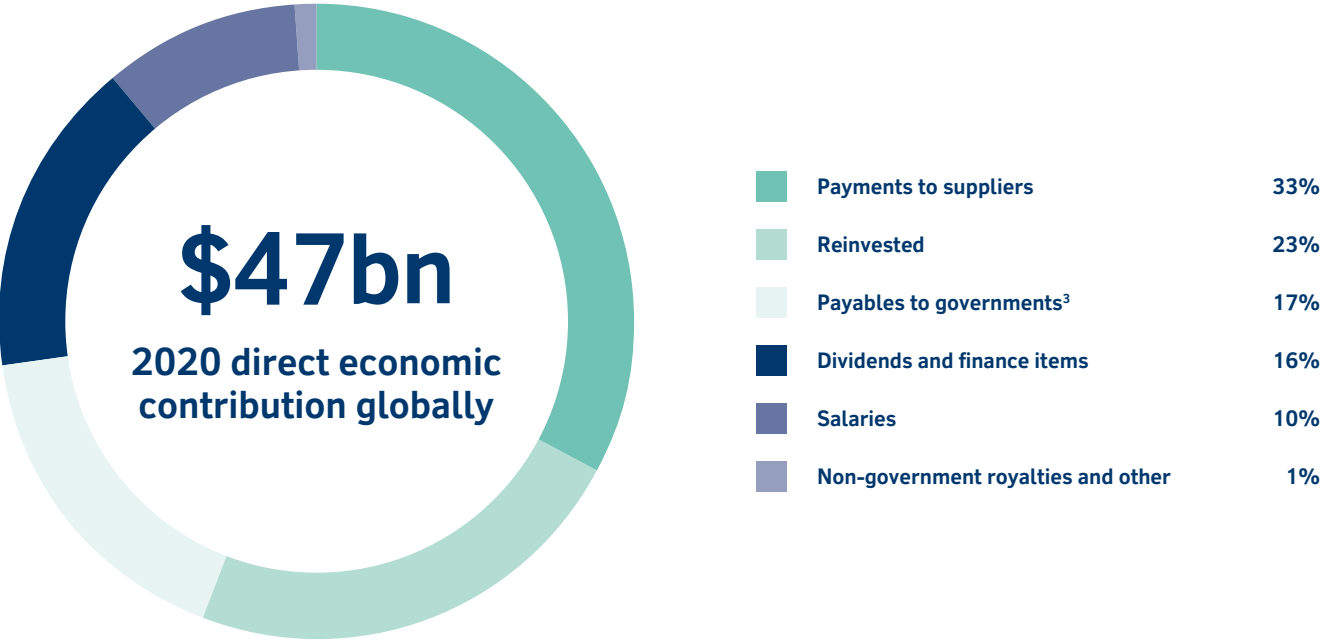
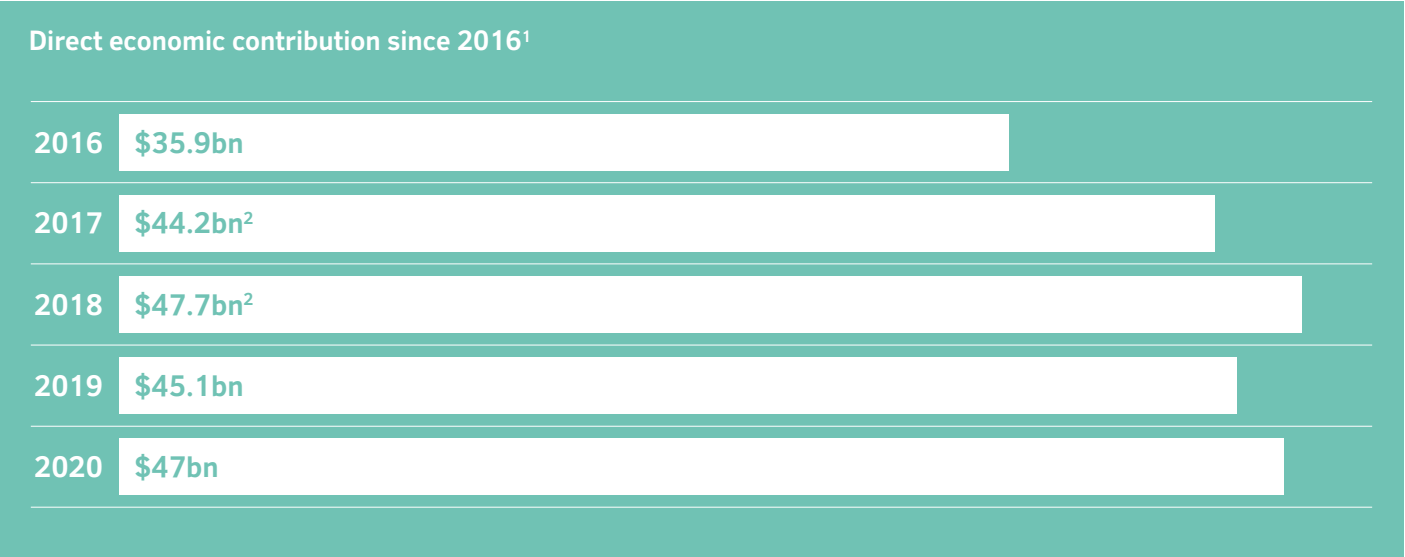
2016	22.1%
2017	28.2%
2018	28.6%
2019	30.2%
2020	29.5%
Average (2016-2020)	27.7%

Australian effective corporate income tax rate on underlying earnings

2016	29.6%
2017	30.5%
2018	30.7%
2019	31.1%
2020	31.7%
Average (2016-2020)	30.7%

Working with shared purpose

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.



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.

Australia

\$6.8bn

Total taxes and royalties paid in Australia in 2020

\$4.6bn

Corporate income tax paid in Australia in 2020

\$1.95 bn

Royalties paid in Australia in 2020

31.7%

Australian effective corporate income tax rate on underlying earnings in 2020

39.4%

Australian effective income tax and royalty rate on underlying earnings in 2020

\$54.4bn

Total taxes and royalties paid in Australia in the last 10 years

\$16.2bn

Australian pre-tax underlying earnings in 2020

20,426

Number of employees

\$672m

Taxes collected on behalf of employees and remitted to Australian governments

An employee at Yandicoogina, in the Pilbara region of Western 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.

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.

Canada



\$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

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

Canada is home to approximately 15,000 of our employees and contractors, who work at more than 25 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 25,000 masks to the local health authority in Saguenay – Lac-St. Jean, Quebec; provided alternative housing support to those experiencing family and domestic violence or abuse in Labrador City, Newfoundland and Labrador; providing C\$100,000 to four local food banks in Havre-St-Pierre and Sorel-Tracy, both in Quebec; and in British Columbia, donating C\$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.

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 Uashat mak Mani-utenam and Matimekush-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

\$277m

Total taxes and royalties paid in 2020

\$140m

Total taxes paid to the Mongolian national government including royalties of \$69m

\$137m

Total taxes paid to four regional governments

\$11.6bn

Invested in Mongolia between 2010 and 2020

\$2.8 bn

Total taxes and royalties paid in Mongolia since 2010

\$(342)m

Mongolian pre-tax underlying loss in 2020

3,465

Number of employees

\$22m

Taxes collected on behalf of employees and remitted to Mongolian governments in 2020

An employee at the Oyu Tolgoi copper mine in 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 totalling \$82.4 million, employer payroll taxes of \$23.4 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.

United States



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 characterisation 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.

\$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

3,543

Number of employees

\$96m

Taxes collected on behalf of employees and remitted to US state and federal agencies in 2020

An employee at Resolution Copper, located in Arizona, United States

Europe



\$192m Total taxes and royalties paid in Europe in 2020	\$153m Corporate income tax paid in Europe in 2020
\$37m Employer payroll tax paid in Europe in 2020	\$(156)m Europe pre-tax underlying loss in 2020
1,192 Number of employees	\$56m Taxes collected on behalf of employees and remitted to European governments in 2020

An employee at the ISAL aluminium smelter in Iceland

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.

Africa



\$80m

Total taxes and royalties paid in Africa in 2020

\$61m

Total taxes and royalties paid in South Africa in 2020

\$68m

Corporate income tax paid in Africa in 2020

\$205m

Africa pre-tax underlying earnings in 2020 (including equity accounted units)

3,572

Number of employees (including equity accounted units)

\$24m

The amount of taxes collected on behalf of employees and remitted to governments of three countries in Africa in 2020

Employees at our QMM operations, located in Madagascar

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.

Latin America

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.

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 Alumar refinery is a joint venture, with 10% owned by Rio Tinto and the remaining 90% owned by Alcoa and South32 with the refinery operated by Alcoa on behalf of the joint venture.

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.

MRN is a joint venture owned by Rio Tinto (12%), Vale (40%), Alcoa (18.2%), South32 (14.8%), Companhia Brasileira de Alumínio (10%), and Hydro (5%).

\$272m

Total taxes and royalties paid in Latin America in 2020

\$13m

Total taxes and royalties paid in Peru in 2020

\$12m

Total taxes and royalties paid in Brazil in 2020

\$246m

Total taxes and royalties paid in Chile in 2020

\$969m

Latin America pre-tax underlying earnings in 2020 (including equity accounted units)

1,513

Number of employees (including equity accounted units)

\$14m

Taxes collected on behalf of employees and remitted to Latin American governments in 2020

An ship carrying copper concentrate from the Escondida copper mine, in Chile

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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.

	Corporate income tax	Government royalties	Fees, dividends and other extractive related payments	Employer payroll taxes	Other taxes and payments	Total tax payments borne	Employee payroll taxes
Australia Total	4,591.9	1,952.7	9.9	183.0	41.4	6,778.9	671.6
Australian Taxation Office	4,591.9	5.0	0.2	46.3	9.4	4,652.8	671.6
State of Western Australia	–	1,786.9	4.0	103.2	15.9	1,910.0	–
State of Queensland	–	122.6	1.2	24.6	0.4	148.8	–
Northern Territory Revenue Office	–	38.2	4.5	2.7	(1.7)	43.7	–
State of New South Wales	–	–	–	2.6	0.3	2.9	–
State of Tasmania	–	–	–	2.5	0.1	2.6	–
State of Victoria	–	–	–	1.1	0.1	1.2	–
Shire of Ashburton (WA)	–	–	–	–	5.4	5.4	–
City of Karratha (WA)	–	–	–	–	4.8	4.8	–
Gladstone Regional Council (QLD)	–	–	–	–	2.8	2.8	–
Weipa Town Authority (QLD)	–	–	–	–	1.2	1.2	–
Shire of East Pilbara (WA)	–	–	–	–	0.8	0.8	–
West Arnhem Shire Council (NT)	–	–	–	–	0.7	0.7	–
George Town Council (TAS)	–	–	–	–	0.4	0.4	–
Cook Shire Council (QLD)	–	–	–	–	0.4	0.4	–
Town of Port Hedland (WA)	–	–	–	–	0.2	0.2	–
Other Australian Governments	–	–	–	–	0.2	0.2	–
Canada Total	383.5	56.1	29.6	87.2	95.1	651.5	451.5
Canada Revenue Agency	325.9	–	–	16.2	0.6	342.7	268.3
Revenue Québec	6.4	–	–	63.0	1.4	70.8	182.1
Ministre des Finances du Québec	–	49.3	0.1	–	0.2	49.6	–
Government of Newfoundland and Labrador	37.1	–	0.1	5.0	5.7	47.9	–
Ville de Saguenay (QC)	–	–	–	–	25.6	25.6	–
Government of Northwest Territories	13.8	–	4.7	0.9	3.1	22.5	1.1
Les Innus de Uashat mak Mani-utenam and Les Innus de Matimekush-Lac John¹	–	–	17.3	–	–	17.3	–
Ministry of Finance of British Columbia	0.3	6.8	–	1.9	8.0	17.0	–
District of Kitimat (BC)	–	–	–	–	16.8	16.8	–
Ville d’Alma (QC)	–	–	–	–	9.0	9.0	–
Town of Labrador City (NL)	–	–	–	–	7.4	7.4	–
Ville de Sept-Îles (QC)	–	–	–	–	6.8	6.8	–
Conseil des Innus de Ekuanitshit¹	–	–	2.7	–	–	2.7	–
Innu Nation (Labrador)¹	–	–	2.4	–	–	2.4	–
Ville de St-Joseph-de-Sorel (QC)	–	–	–	–	1.9	1.9	–
M.R.C. du Fjord-du-Saguenay (QC)	–	–	–	–	1.4	1.4	–
Ville de Sorel-Tracy (QC)	–	–	–	–	1.1	1.1	–
Tiicho Government¹	–	–	1.0	–	–	1.0	–
Yellowknives Dene First Nation¹	–	–	0.9	–	–	0.9	–
Municipalité de Ste-Monique de Honfleur (QC)	–	–	–	–	0.9	0.9	–
Ville de Bécancour (QC)	–	–	–	–	0.9	0.9	–
Municipalité de Péribonka (QC)	–	–	–	–	0.6	0.6	–
Municipalité de Havre-St-Pierre (QC)	–	–	–	–	0.5	0.5	–
Commission Scolaire du Lac-Saint-Jean (QC)	–	–	–	–	0.4	0.4	–
Municipalité de l’Ascension-De-Notre-Seigneur (QC)	–	–	–	–	0.4	0.4	–
Government of Saskatchewan	–	–	–	–	0.4	0.4	–
Strathcona County (AB)	–	–	–	–	0.4	0.4	–
Commission Scolaire des Rives-du-Saguenay (QC)	–	–	–	–	0.3	0.3	–
Commission Scolaire de la Jonquière (QC)	–	–	–	–	0.3	0.3	–
Government of Alberta	–	–	–	–	0.3	0.3	–
Naskapi Nation of Kawawachikamach¹	–	–	0.2	–	–	0.2	–
Lutsel K’e Dene First Nation¹	–	–	0.2	–	–	0.2	–
Commission scolaire du Fer	–	–	–	–	0.1	0.1	–
Other Canadian Governments	–	–	–	0.2	0.6	0.8	–

	Corporate income tax	Government royalties	Fees, dividends and other extractive related payments	Employer payroll taxes	Other taxes and payments	Total tax payments borne	Employee payroll taxes
Mongolia Total²	0.2	69.4	12.8	23.4	171.2	277.0	22.1
General Department of Taxation	0.2	69.4	0.2	–	70.1	139.9	–
Ulaanbaatar City	–	–	1.6	23.4	78.9	103.9	14.0
Umnugobi Aimag	–	–	5.4	–	22.2	27.6	8.1
Khanbogd Sum	–	–	0.3	–	–	0.3	–
Gobi Oyu Development Support Fund ¹	–	–	5.3	–	–	5.3	–
Chile Total	237.1	–	1.0	0.1	7.8	246.0	12.0
Servicio de Impuestos Internos	237.1	–	1.0	0.1	7.8	246.0	12.0
UK Total	112.6	–	–	11.5	8.3	132.4	37.9
Her Majesty's Revenue and Customs	112.6	–	–	11.5	1.3	125.4	37.9
Westminster City Council	–	–	–	–	7.0	7.0	–
USA Total	6.3	9.3	49.2	27.5	18.8	111.1	95.9
Internal Revenue Service	(1.8)	–	–	26.8	–	25.0	77.3
U.S. Customs and Border Protection	–	–	–	–	12.8	12.8	–
Salt Lake County (UT)	–	–	38.6	–	–	38.6	–
Utah State Tax Commission	–	9.3	–	0.3	6.7	16.3	11.6
Kern County (CA)	–	–	9.4	–	–	9.4	–
California Franchise Tax Board	–	–	–	0.4	5.0	5.4	5.0
Michigan Department of Revenue	1.9	–	–	–	–	1.9	–
Bureau of Land Management	–	–	1.2	–	–	1.2	–
Pennsylvania Department of Revenue	1.0	–	–	–	–	1.0	–
Ohio Treasurer of State	0.8	–	–	–	–	0.8	–
Kentucky Department of Revenue	0.8	–	–	–	–	0.8	–
Pinal County (AZ)	–	–	–	–	0.7	0.7	–
Hancock County (KY)	–	–	–	–	0.5	0.5	–
Texas Department of Revenue	0.5	–	–	–	–	0.5	–
West Virginia Department of Revenue	0.5	–	–	–	–	0.5	–
Los Angeles County (CA)	–	–	–	–	0.4	0.4	–
Iowa Department of Revenue	0.4	–	–	–	–	0.4	–
Illinois Department of Revenue	0.3	–	–	–	–	0.3	0.8
New Jersey Department of Treasury	0.3	–	–	–	–	0.3	–
Inyo County (CA)	–	–	–	–	0.2	0.2	–
Tooele County (UT)	–	–	–	–	0.1	0.1	–
Sweetwater County (WY)	–	–	–	–	0.1	0.1	–
Wisconsin Department of Revenue	0.1	–	–	–	–	0.1	–
New York Department of Taxation and Finance	0.1	–	–	–	–	0.1	–
Minnesota Department of Revenue	0.1	–	–	–	–	0.1	0.1
Tennessee Department of Revenue	0.1	–	–	–	–	0.1	–
Massachusetts Department of Revenue	0.1	–	–	–	–	0.1	–
North Carolina Department of Revenue	0.1	–	–	–	–	0.1	–
Connecticut Department of Revenue	0.1	–	–	–	–	0.1	–
Florida Department of Revenue	0.1	–	–	–	–	0.1	–
Georgia Department of Revenue	0.1	–	–	–	–	0.1	–
Missouri Department of Revenue	0.1	–	–	–	–	0.1	–
Arizona Department of Revenue	–	–	–	–	(0.3)	(0.3)	0.7
Washington Department of Revenue	–	–	–	–	(8.0)	(8.0)	–
Other US Governments	0.6	–	–	–	0.6	1.2	0.4
South Africa Total	54.1	6.2	–	0.8	0.1	61.2	22.7
South African Revenue Service	54.1	6.2	–	0.8	0.1	61.2	22.7
Luxembourg Total	28.3	–	–	–	0.1	28.4	–
Luxembourg – Inland Revenue	28.3	–	–	–	0.1	28.4	–
Singapore Total	26.3	–	–	0.5	0.1	26.9	–
Inland Revenue Authority of Singapore	26.3	–	–	0.5	0.1	26.9	–

	Corporate income tax	Government royalties	Fees, dividends and other extractive related payments	Employer payroll taxes	Other taxes and payments	Total tax payments borne	Employee payroll taxes
Guinea Total	13.4	–	–	0.2	–	13.6	0.3
Presidency of the Republic of Guinea	13.4	–	–	0.2	–	13.6	0.3
Peru Total	–	–	12.1	1.3	–	13.4	1.1
The National Superintendency of Customs and Tax Administration	–	–	12.1	1.3	–	13.4	1.1
Brazil Total	4.6	1.3	0.3	2.9	3.3	12.4	1.4
Federal Revenue of Brazil	4.6	1.3	0.3	2.9	2.0	11.1	1.4
State of Pará	–	–	–	–	0.6	0.6	–
Municipality of São Luis	–	–	–	–	0.6	0.6	–
State of Maranhão	–	–	–	–	0.1	0.1	–
Iceland Total	–	–	0.1	7.2	3.5	10.8	9.1
Directorate of Internal Revenue	–	–	0.1	7.2	1.2	8.5	9.1
Town of Hafnarfjörður	–	–	–	–	2.3	2.3	–
China Total	7.6	–	–	1.3	1.2	10.1	2.2
State Administration of Taxation	7.6	–	–	–	1.1	8.7	0.3
Shanghai Municipality	–	–	–	1.0	0.1	1.1	1.8
Beijing Municipality	–	–	–	0.3	–	0.3	0.1
France Total	6.1	–	–	13.2	(10.9)	8.4	4.8
Directorate General of Public Finance	6.1	–	–	–	(11.6)	(5.5)	–
Union de Recouvrement des Cotisations de Sécurité Sociale et d'Allocations Familiales	–	–	–	13.2	–	13.2	4.8
Direction Générale des Finances Publiques– Rhône-Alpes	–	–	–	–	0.5	0.5	–
Direction Générale des Finances Publiques– Île-de-France	–	–	–	–	0.2	0.2	–
Netherlands Total	2.9	–	–	2.9	1.0	6.8	3.1
Tax and Customs Administration	2.9	–	–	2.9	0.8	6.6	3.1
City of Rotterdam	–	–	–	–	0.2	0.2	–
Switzerland Total	2.2	–	–	–	0.1	2.3	–
Federal Tax Administration	1.8	–	–	–	0.1	1.9	–
Stadt Zurich	0.4	–	–	–	–	0.4	–
Total Other	4.0	2.9	0.5	2.9	2.1	12.4	17.6
Madagascar – General Direction of Taxes	0.7	2.9	0.4	0.3	1.0	5.3	0.9
Oman – Ministry of Finance Secretariat General for Taxation	2.7	–	–	–	–	2.7	–
Indian Tax Department	1.1	–	–	0.8	0.2	2.1	1.7
Belgium – Federal Public Service Belgium	(0.2)	–	–	1.1	–	0.9	–
Serbia – Tax Administration	–	–	0.1	0.4	0.3	0.8	1.2
Spain – Agencia Tributaria	0.1	–	–	0.2	0.4	0.7	–
Germany – Federal Ministry of Finance	0.5	–	–	–	–	0.5	–
Swedish Tax Agency	0.3	–	–	–	–	0.3	–
Malaysia – Inland Revenue Board of Malaysia	0.2	–	–	–	–	0.2	–
South Korea – National Tax Service	0.1	–	–	–	–	0.1	–
Japan – National Tax Agency	(0.4)	–	–	–	–	(0.4)	1.7
New Zealand – Inland Revenue Department	(1.1)	–	–	0.1	0.2	(0.8)	12.1
Total payments to governments	5,481.1	2,097.9	115.5	365.9	343.2	8,403.6	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 \$1.5 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.

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.

	Corporate income taxes	Government royalties	Fees, dividends and other extractive related payments	Total payments to governments for EU accounting directive purposes	Employer payroll taxes	Other taxes and payments	Total tax payments borne	Employee payroll tax (not borne)
Iron Ore	4,635.4	1,780.7	2.9	6,419.0	116.9	33.4	6,569.3	403.9
Pilbara – Australia	4,616.0	1,779.0	2.6	6,397.6	113.8	32.5	6,543.9	394.7
Dampier Salt – Australia ¹	19.4	1.7	0.3	21.4	3.1	0.9	25.4	9.2
Copper and Diamonds	176.5	84.9	60.0	321.4	46.5	183.3	551.2	120.1
Oyu Tolgoi – Mongolia	0.2	69.4	12.8	82.4	23.4	171.1	276.9	22.0
Kennecott Utah Copper – US	(44.1)	9.3	38.5	3.7	15.9	1.9	21.5	50.9
Resolution Copper – US	(9.4)	–	–	(9.4)	1.2	0.5	(7.7)	4.1
Diavik – Canada	14.1	–	6.7	20.8	2.5	2.2	25.5	18.8
Argyle – Australia	(21.2)	6.2	1.0	(14.0)	3.5	0.1	(10.4)	12.3
Escondida – Chile – EAU ²	236.9	–	1.0	237.9	–	7.5	245.4	12.0
Energy & Minerals	435.3	9.1	32.7	477.1	38.9	32.2	548.2	189.8
Iron Ore Company of Canada ³	374.7	–	20.1	394.8	17.2	17.3	429.3	99.2
Richards Bay Minerals – South Africa	53.9	6.2	–	60.1	0.7	–	60.8	20.1
Rio Tinto Fer et Titane – Canada	(0.4)	–	2.7	2.3	13.9	6.8	23.0	48.2
QIT Madagascar Minerals	0.7	2.9	0.4	4.0	0.3	1.0	5.3	0.9
US Borax	6.4	–	9.4	15.8	6.4	6.4	28.6	20.2
Pacific Potash – Canada – EAU ²	–	–	–	–	–	0.4	0.4	–
Jadar – Serbia	–	–	0.1	0.1	0.4	0.3	0.8	1.2
Aluminium	6.9	162.1	5.6	174.6	12.4	3.7	190.7	39.6
Weipa including Amrun – Australia	(9.2)	122.6	1.1	114.5	8.6	2.0	125.1	27.8
Gove – Australia	–	38.2	4.5	42.7	2.0	0.5	45.2	11.3
Sangaredi – Guinea – EAU ²	13.4	–	–	13.4	–	–	13.4	–
Porto Trombetas – Brazil – EAU ²	2.7	1.3	–	4.0	1.8	1.2	7.0	0.5
Exploration	(50.6)	–	13.7	(36.9)	4.8	2.0	(30.1)	14.8
Exploration – Australia	(38.8)	–	0.1	(38.7)	1.9	1.2	(35.6)	7.3
Exploration – Chile	0.2	–	–	0.2	0.1	0.3	0.6	–
Exploration – US	(12.1)	–	1.2	(10.9)	0.6	–	(10.3)	3.5
Exploration – Peru	–	–	12.1	12.1	1.3	–	13.4	1.1
Exploration – Brazil	0.1	–	0.3	0.4	0.4	0.1	0.9	0.4
Exploration – Guinea	–	–	–	–	0.2	0.2	0.4	0.3
Exploration – Other	–	–	–	–	0.3	0.2	0.5	2.2
Non-Extractive Projects	277.6	61.1	0.6	339.3	146.4	88.6	574.3	585.1
Smelting and Refineries	57.3	56.1	0.3	113.7	89.4	79.9	283.0	348.3
Commercial, Finance, Head Office and Managed Operations	220.3	5.0	0.3	225.6	57.0	8.7	291.3	236.8
Total payments to governments	5,481.1	2,097.9	115.5	7,694.5	365.9	343.2	8,403.6	1,353.3

1. Dampier Salt is reported within Iron Ore, reflecting management responsibility.
2. EAU: Equity accounted units will not be included in the formal UK filing of the “Reports on Payments to Governments” to be filed at Companies House.
3. Iron Ore Company of Canada is reported within Energy & Minerals, reflecting management responsibility.

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

Reconciliation of 2020 accounting profit and total tax charge US\$ millions	
Profit before tax	15,391
Less: share of profit after tax of equity accounted units	(652)
Add: impairment after tax of investments in equity accounted units	339
	15,078
Expected tax charge at UK rate of 19%	2,865
Higher rate of tax on Australian underlying earnings at 30%	1,779
Impact of items excluded from underlying earnings ^(a)	280
Other tax rates applicable outside the UK and Australia	(80)
Recognition of previously unrecognised deferred tax assets	(182)
Write-down of previously recognised deferred tax assets	173
Other items	156
Total tax charge	4,991

(a) Impact of items excluded from underlying earnings US\$ millions	
Impairment charges	44
Exchange and gains/(losses) on derivatives	260
Losses from increases to closure estimates (non-operating and fully impaired sites)	(24)
Total impact of exclusions	280

Reconciliation of government royalties expense to government royalties paid US\$ millions	
Government royalties included in accounting profit	2,186
Difference between royalties paid and royalties accrued	(88)
Total government royalties paid	2,098

Effective corporate income tax rates on total earnings

US\$ millions	Profit before tax	Total tax charge	Effective corporate income tax rate
Underlying earnings (excluding equity accounted units)	17,626	(5,195)	29.5%
Exclusions from underlying earnings (excluding equity accounted units)	(2,548)	204	8.0%
	15,078	(4,991)	33.1%
Add share of profit after tax of equity accounted units	652		
Less impairment after tax of investments in equity accounted units	(339)		
Total profit before tax	15,391		

Reconciliation of 2020 total tax charge and current tax charge US\$ millions	
Total tax charge	4,991
Temporary differences	
Unrealised exchange losses	25
Tax losses	12
Provisions	188
Capital allowances	(82)
Tax on unremitted earnings	1
Post-retirement benefits	9
Other temporary differences	25
Current tax charge	5,169

Reconciliation of 2020 current tax charge and corporate income tax paid US\$ millions	
2020 Current tax charge	5,169
Add current tax charge of equity accounted units	381
	5,550
Final instalment in Australia on 2019 profits paid in H1 2020	1,021
Final instalment in Australia on 2020 profits due in H1 2021	(904)
Tax charges greater than tax payments (timing)	(186)
Corporate income tax paid	5,481

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. Tax policy can play a role in supporting economic activity, growth and employment.



Our Commitment to Transparency and Responsible Tax Principles

Our values, experience and history tell us that we must work in a way that delivers real, lasting benefits.

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.

Being open about our tax payments, mineral development contracts, beneficial ownership and our stance on a range of other sustainability issues – like climate change – gives us the opportunity to enter into open, meaningful conversations with our stakeholders, and provides a clear understanding of everyone's roles and responsibilities.

We believe that greater transparency and accountability are key to earning and building trust, encouraging sustainable business practices and translating taxes and royalties into beneficial development outcomes for communities that host our operations.

By partnering with investors, governments and civil society, multinational companies like ours can be at the forefront of collaborative efforts to restore integrity and support stable and effective tax systems. That is why we are a founding member of the Extractive Industries Transparency Initiative (EITI), and a signatory to the B Team Tax Principles. Through increased and improved disclosures, EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management and provide the data to inform reforms for greater transparency and accountability in the extractives sector. We are committed to improved mineral resource governance and have played a leading role in the disclosure of tax payments to governments, mineral development contracts with governments and beneficial ownership information.

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 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 will 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.

By partnering with investors, governments and civil society, multinational companies like ours can be at the forefront of collaborative efforts to restore integrity and support stable and effective tax systems.

Building on 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 207-4 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 10 of EU Accounting Directive 2013/34 and the Extractive Sector Transparency Measures Act respectively). These reports include the project-by-project information disclosed in this report.

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, nor 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.

Our Approach to Tax

Our Group Tax Policy (“Policy”) governs our approach to tax and is reviewed and approved by the Board each year.

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).

Dealings with tax authorities

- The Group values having good relations with tax authorities and is committed to transparency with tax authorities.
- The Group proactively engages with tax authorities on a real-time basis, including participation in co-operative compliance arrangements (for example in Australia).
- 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.

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 Way We Work* and the Business Integrity Standard.
- The Group actively considers the implications of tax planning and risk management activities on the Group’s corporate reputation.
- The Group pays the tax that is due under a reasonable interpretation of the tax law.
- We use business structures that are driven by commercial considerations, aligned with business activity.
- Where the Group takes an uncertain tax position in relation to a major business transaction or initiative, we seek an opinion from an independent external adviser to support the position.

Tax incentives and concessions

- We pay tax on profits aligned with where business activity occurs, and value is created.
- The Group avails itself of tax concessions and incentives offered by countries to eligible taxpayers who undertake genuine business activity.
- Where we access incentives or concessions aligned with our business objectives, we comply with the relevant statutory framework and meet all reporting requirements.

Supporting effective tax systems

- We support simple, stable and competitive tax systems and administration.
- We engage constructively in local and international tax reform dialogue to contribute to the development of sustainable and effective tax systems.
- We actively promote transparent and responsible tax practices and engage with civil society on initiatives to advance transparency over tax and payments to governments.

Rio Tinto will not

- Participate in tax evasion or undertake aggressive tax planning.
- Take positions that do not have a reasonable basis, or which rely on non-disclosure.
- Artificially transfer profits from one business location to another to avoid taxation.

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’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 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 attestation to their familiarity 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 those 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 Group entities located in different 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 regulation. We implement globally-consistent transfer pricing policies so that the pricing of transactions between Group entities reflect the underlying economic contribution made through the activities undertaken, assets utilised, and risks assumed by the relevant entities involved.

Transfer pricing involves a judgement about the allocation of value between the relevant countries. We are of the view that disagreements over the allocation of value between countries under transfer pricing rules is a matter for the relevant tax authorities to resolve and we will seek bi-lateral or multi-lateral agreements under the relevant double tax treaties where appropriate to obtain certainty and mitigate double taxation. We support the OECD’s Base Erosion and Profit Shifting final recommendations in its report on Action 14, “Making Dispute Resolution Mechanisms More Effective”, a minimum standard to ensure countries resolve treaty-related disputes in a timely, effective and efficient manner.

We support international co-operation between tax authorities by proactively providing information to be shared through networks such as the Joint International Taskforce on Shared Intelligence & Collaboration (JITSIC). We believe this approach can enhance relationships with tax authorities, optimise compliance with international and national tax rules, and shorten examination processes related to cross-border business activities. This helps reduce costs for both the revenue authorities and our company by ensuring tax issues can be resolved in a timely and cost-effective manner.

We disclose our material intra-group transactions with revenue authorities through the lodgement of our tax returns and other

co-operative compliance arrangements such as our Annual Compliance Arrangement (ACA) with the Australian Taxation Office (see below). We also comply with the OECD’s country-by-country reporting requirements. This reporting provides tax authorities in each jurisdiction in which we operate with a clear overview of our intra-group transactions, of where our profits, sales, employees and assets are located, and where taxes are paid and accrued. We also publicly disclose detailed country-by-country financial and tax data in our Country-by-Country reports and are committed to meeting the requirements of the GRI Tax standard GRI 207.

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, procurement, and marine and logistics operations. Being closer to our customers enhances opportunities to identify and respond to market developments. With over 70% of the Group’s sales to customers located in the Asia region, our global commercial centre is headquartered in Singapore. We also have commercial offices close to other key regional markets in Chicago and Frankfurt, with regional sales support offices located in China, Japan and South Korea.

With over 450 employees based in Singapore, our commercial centre brings together our global sales and marketing, trading, procurement 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 for global commodities trading and offers a stable regulatory and legal environment that encourages trade and investment. The country’s critical mass of global commodities experience and depth of commercial, marine and logistics capability, along with its highly-educated population, provides access to a large, diverse and highly-trained talent pool. Many of our major customers, 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 everything we buy, sell and move around the world, we focus on deepening customer and market insights, 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 financial trading centre in Singapore focused on asset-backed trading activities to maximise the value of our portfolio. Obtaining the best value for our products maximises the value to our company, our shareholders and to the countries in which we operate via the taxes we pay.

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 acts as the central repository of maritime 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 transload sites. We currently employ approximately 50 marine professionals in Singapore, supported by teams in Montreal, Chicago, Perth, Gladstone and Shanghai. By volume, we are the largest dry bulk shipping business in the world, owning 17 vessels and contracting a fleet of around 230 vessels at any given time. The logistics team supports inbound and outbound physical distribution using rail, truck, container, barge and warehouse facilities, providing a global framework of both international and domestic freight services. Our marine and logistics business has been able to benefit from Singapore’s position as a leading international maritime centre, tapping into its ecosystem of maritime and logistics service providers and talent pool.

We could not produce materials essential to human progress without our suppliers, who help us at every stage of our business. Our procurement team works with our assets and operations to help deliver their business

objectives. Procurement maximises value by maintaining a focus on cost-reduction, including through improved productivity.

We also undertake captive insurance activities in Singapore (see section on Insurance).

The net profit before tax made by our Singapore entities from global sales and marketing activities in 2020 was \$402 million. This represents approximately 4% of our global and Australian net profit before tax of \$15.4 billion and \$15.6 billion respectively. The profit made by our Singapore entities from marine, logistics and procurement in 2020 was \$258 million.

The Singapore government legislates tax incentives which are available to all taxpayers who meet significant economic substance requirements. Details of the tax incentives which apply to the activities in our Singapore commercial centre are outlined in the “Tax Incentives” sections below. The entities in Singapore are subject to the application of the UK Controlled Foreign Corporations legislation which does not generally subject those profits to any significant level of UK taxation.

All transactions with our Singaporean entities are on an arm’s length basis and are priced in accordance with OECD transfer pricing guidelines and local legal legislative requirements. Transfer pricing involves a judgement about the allocation of value between the relevant countries. Various revenue authorities have reviewed the pricing of transactions between entities in their jurisdiction and the Singapore commercial centre and have accepted the pricing that we applied.

However, in 2017, the ATO issued amended income tax assessments to our company for the calendar years 2010-2013, requiring us to pay additional tax of A\$447 million in relation to sales of Pilbara iron ore. This payment would be in addition to the A\$25.5 billion of taxes and royalties that we paid in Australia during the same four-year period. In March 2020, the ATO issued amended assessments to our company for the 2010 through 2016 calendar years in relation to the pricing of the sale of aluminium between Australia and our Singapore commercial centre. The amended assessments are for a total amount of A\$86.1 million. In both instances the assessments relate to the allocation of value between Australia and Singapore in relation to sales of the relevant commodity.

In the case of iron ore, we voluntarily approached the ATO more than a decade ago seeking to confirm our pricing arrangements. The transfer price that we adopted in the years covered by the assessments is in line with the outcome agreed with the ATO for years prior to 2010.

We have objected to the ATO assessments . At the time of writing, the ATO has not determined (i.e. reviewed and decided upon) those objections. In accordance with normal administrative practice, we have paid 50% of the tax amount under the assessments to the ATO. The assessments result in double taxation as a consequence of the tax which has been paid in Singapore in respect of the transactions which are in dispute. The ATO is currently auditing later periods involving the sale of iron ore.

The amended assessments for both the iron ore and aluminium matters do not relate to any tax avoidance schemes as confirmed by the ATO and no penalties have been levied.

We are of the view that disagreements over the allocation of value between countries under the transfer pricing rules is a matter for the relevant tax authorities to resolve and the Australian and Singaporean tax authorities have agreed to resolve the position through negotiation under the Australia-Singapore double tax treaty. If the tax authorities are unable to reach agreement within two years from the commencement of the bilateral negotiations, the matters will be resolved via binding arbitration.

Rio Tinto is committed to paying the right amount of tax due in all countries in which it operates and considers the pricing of its iron ore and aluminium transactions to be in accordance with the OECD transfer pricing guidelines, as well as Australian and Singapore domestic tax laws. Rio Tinto will provide all information required to enable the tax authorities to reach agreement and will accept the outcome of this dispute resolution process.

Intra-group financing

Our Group funding requirements are met through a combination of external and intra-group financing arrangements. Cash from activities within our Group is managed by a team of Treasury experts who facilitate cash management and loan financing, enabling efficient cash flow management between entities. Treasury entities located in the United Kingdom and Australia provide the majority of cross border intra-group financing to group companies. Consequently, any income including interest received by these Rio Tinto companies is subject to tax in the United Kingdom or Australia at statutory corporate tax rates. The pricing of these intra-group financing arrangements is consistent with the arm’s length principle as set out in the OECD transfer pricing guidelines, and we are transparent with all relevant tax authorities in respect of our intra-group financing.

In March 2021 the ATO issued Rio Tinto Limited with amended assessments of A\$359.4 million primary tax and A\$47 million of interest. This is in addition to the more than A\$8.4 billion of Australian income tax paid during the relevant period. The assessments relate to the denial of interest deductions on an isolated borrowing used to pay an intragroup dividend in 2015. Intragroup dividends are necessary to facilitate the payment of dividends to external shareholders. The interest income related to this borrowing was taxable in the UK and the borrowing was repaid in 2018. Borrowing to fund the payment of a dividend is a normal commercial practice. Rio Tinto is confident of its position and has disputed the assessments. In accordance with the usual practice Rio Tinto paid 50% of the primary tax up-front as part of the objections process.

Historically, Turquoise Hill Resources provided mine development funding in relation to the Oyu Tolgoi project through a Luxembourg financing entity where the application of a Double Tax Agreement reduced withholding taxes. This Luxembourg financing entity provided loan funding to the Netherlands shareholder for the Oyu Tolgoi project. In turn, the Netherlands shareholder provides debt and equity funding to Oyu Tolgoi LLC. In 2020, the Luxembourg financing entity was wound up, and its financing arrangements were refinanced by a Singapore financing entity. Both the original and replacement financing arrangements are transparent to the relevant revenue authorities, underpinned by revenue authority rulings, and subject to international tax rules (specifically controlled foreign corporation rules) in the UK and Canada. The Singaporean financing entity has been granted a Section 13X tax incentive under which future interest income received will be exempt from corporate tax. The incentive will be applicable until 2029 provided the requisite substance and eligibility criteria are met. Absent the incentive, Singapore corporations benefit from the territorial tax regime under which interest earned from a foreign source is taxed only when the cash is repatriated in country. This regime is aligned with the tax regime applicable in Mongolia where interest is deductible and tax is withheld when the interest is paid, ensuring that deduction and income inclusion occur in the same year. No interest was received in Singapore, or paid and deducted in Mongolia in relation to this financing arrangement in 2020.

Insurance

Our captive insurance companies that are tax resident in Singapore and the US provide commercially available insurance solutions to manage risks for our global businesses. These locations offer appropriate expertise, strong regulatory rules and access to global insurance and reinsurance markets. We retain acceptable risks in individual entities, self-insure these risks to an economically appropriate level and reinsure excess risks with third party insurers in the market. The pricing of these intra-group insurance arrangements is consistent with the arm’s length principle as set out in the OECD transfer pricing guidelines.

The mining insurance industry can be cyclical as a result of low frequency, high impact loss events which often result in periods of stable results punctuated by years of instability.

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 A\$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 (MSI-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 Resources group. The incentive provides an exemption from corporate tax on future interest income, provided the substance and eligibility criteria continue to be met.

Name	Jurisdiction of Tax Residence	Year of Incorporation	Nature of Activities
THR OYU TOLGOI LTD.	British Virgin Islands	2000	Dormant holding company.
North IOC (Bermuda) Holdings Limited	Bermuda	1997	Holding company – no tax benefit is obtained from this entity. Entity is under review.
North IOC (Bermuda) Limited	Bermuda	1997	Holding company – no tax benefit is obtained from this entity.
QIT Madagascar Minerals Ltd	Bermuda	1986	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.
Simfer Jersey Finance 1 Ltd	Jersey	2013	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.
Simfer Jersey Finance 2 Ltd	Jersey	2013	

THR Aruba Holdings LLC A.V.V. was removed from this list given the applicable corporate income tax rate in Aruba is currently 25%.

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 those jurisdictions.

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 collaboratively. 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 also aim to help tax authorities understand our industry 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. In many instances, we approach tax authorities in advance of entering into transactions, in order to seek guidance or confirmation of the tax outcomes by way of a ruling.

Given the size, scale and complexity of our business, from time to time it is inevitable that disagreements with tax authorities will arise. 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 for Oyu Tolgoi totalling \$155 million for the 2013-15 tax years. Oyu Tolgoi paid \$5 million in January 2018 but disputed the remaining balance. After unsuccessfully 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 the 2009 Investment Agreement.

In December 2020, the Mongolian tax authority issued further tax assessments totalling \$228 million in cash tax for the 2016-18 years, and further sought to disallow tax losses of approximately \$1.5 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 ’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 viable 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 the valuable role that civil society organisations can play in supporting and advocating for responsible business conduct as demonstrated by our adoption of the B Team Responsible Tax Principles and our active participation in supporting the B 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.

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 ISA (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

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management as to the Group’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

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 limit 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, if 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 law or regulation

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 transactions reflected in 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 fraud, 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 or any form of assurance thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Selected Information audit work, the information therein is materially misstated or inconsistent with the Selected Information or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Management and directors’ responsibilities

Management of the Group are responsible for the preparation of the Report, including the preparation of the Selected Information in accordance with the basis of preparation in Appendix 1 to the Report; determining that the basis of preparation is acceptable in the circumstances and such internal control as they determine is necessary to enable the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

The directors are responsible for overseeing Rio Tinto’s financial reporting process.

Auditor’s responsibilities

Our objectives are to obtain reasonable assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Selected Information.

A fuller description of our responsibilities is provided on the FRC’s website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Group, in accordance with the agreed terms of our engagement. Our audit work has been undertaken so that we might state to the Group those matters we have agreed to state to it in this report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group for our audit work, for this report, or for the opinions we have formed.

Jonathan Downer
for and on behalf of KPMG LLP
Chartered Accountants

15 Canada Square, London, E14 5GL

7 April 2021

Basis of Preparation

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, associates and joint arrangements (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/refunds 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. These form part of operating costs.

Fees, dividends and other extractive-related payments

This comprises other payments required as a result of extractive industry projects which typically arise as a result of contractual obligations in relation to the extraction of minerals or metals. Typically, these taxes tend to become payable, and are paid, in the year to which they relate, though in the case of infrastructure improvements, the payments (none in 2020) will be reported when the infrastructure improvements are handed over to the government. These form part of operating costs.

Employer payroll taxes

This comprises payroll and employer taxes payable as a result of a company’s capacity as an employer. 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. These usually form part of operating costs.

Other taxes and payments

The “Other taxes and payments” column of the table in the “Analysis by country and level of government” and “Analysis of tax paid by project” sections of the report includes:

Property taxes

This comprises any property-related taxes, including real property/land/estate tax (other than stamp duty which is described below). Typically, these taxes tend to become payable, and are paid, to governments throughout the year. These form part of operating costs.

Customs duties

This comprises all customs/excise/import and export duties. Typically, these taxes tend to become payable, and are paid, to governments at the point where goods are imported and exported from territories. These form part of operating costs.

Stamp duty

This comprises taxes that arise on transfers of assets or capital. Typically, these taxes would be reflected in stamp duty returns made to governments and tend to become payable, and are paid, to governments shortly after capital or assets are transferred. These form part of operating costs.

Irrecoverable indirect taxes

Typically, a business can reclaim indirect taxes such as VAT or GST against the GST or VAT on the sales it makes. However, in some circumstances a business may have non-recoverable VAT or GST costs, where offset is not available or permitted. These form part of operating costs.

Environmental taxes

This comprises any carbon taxes or other payments to governments relating to government environmental policy. Typically, these taxes tend to be payable, and are paid, on production.

Government grant receipts

These are grants received by company business units from governments, other than those given effect through corporate income tax legislation. Government grant receipts are often conditional on specific activity by the recipient business. Government grants may be either capital in nature (for example linked to specific assets) or income in nature.

Any other categories of payments to governments that we have paid not described above are reported in the “Other taxes and payments” column of the table in the “Analysis by country and level of government” and “Analysis of tax paid by project” sections of the report.

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. Typically, these taxes become repayable and are repaid by governments regularly (often quarterly) throughout the year, shortly after the submission of the sales tax returns.

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, GST, 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

Taxes Paid: Our Economic Contribution 2020.

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.

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