

Taxes and Royalties Paid Report 2023



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Our operations are located on land and waters that have belonged to Indigenous Peoples for thousands of years. We respect their ongoing deep connection and vast knowledge of the land, water and environment. We pay respects to Elders, both past and present, and acknowledge the important role Indigenous Peoples play within our business and the communities where we live and work.

Cover | Yandicoogina, the Pilbara, Western Australia.

Our 2023 reporting suite

Our *Taxes and Royalties Paid Report* is part of our broader 2023 reporting suite. You can find this report and others, including our 2023 *Annual Report*, *Climate Change Report*, *Sustainability Fact Book*, *2023 Addendum – Scope 1, 2 and 3 Emissions Calculation Methodology* and our *Industry Association Disclosure*, on our website. Some of our reports are published on our website later in the year, including our *2023 Country-by-Country Report*, *Modern Slavery Statement* and *Voluntary Principles on Security and Human Rights* report.

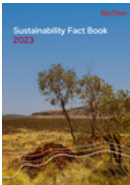
 **To view and download these documents**
see riotinto.com/reports.



2023 Annual Report



2023 Climate Change Report



2023 Sustainability Fact Book



2023 Addendum – Scope 1, 2 and 3 Emissions Calculation Methodology



2023 Industry Association Disclosure



2023 Taxes and Royalties Paid Report

2023 highlights

Total taxes and royalties paid globally in 2023

\$8.5bn

(2022: \$10.8bn)



Australia

\$6.6bn

(2022: \$8.5bn)



Canada

\$601m

(2022: \$718m)



Chile

\$477m

(2022: \$678m)



Mongolia

\$371m

(2022: \$294m)



United States

\$123m

(2022: \$135m)



Alma Works,
Saguenay–Lac-Saint-Jean,
Canada.

Foreword from our Chief Financial Officer

We are continuing to find better ways to provide the materials the world needs. It is important to us that we fulfil this, our purpose, responsibly and transparently, while contributing meaningfully to the countries and communities in which we operate, live and work.

For more than 150 years, we have been entrusted with accessing the world's essential materials and making them available for society's use. These resources are finite and, as temporary custodians of the land where we operate, we have a responsibility to extract value from the minerals and materials we produce in the safest and most sustainable way possible. This includes providing people and communities with economic opportunities; safeguarding and promoting the health, wellbeing and human rights of people and communities; combating climate change; and being excellent stewards of the natural resources entrusted to us.

Taxes and royalty payments

We continue to be a leader in transparent tax reporting and are continuing to find better ways to contribute to our host countries and communities.

We believe transparency encourages accountability – ours as well as others'. So by being open and transparent about our taxes and royalty payments, mineral development contracts, beneficial ownership and our stance on a range of other sustainability issues, we are able to enter into honest, fact-based conversations with our stakeholders.



This year, we have explained our approach to tax in alignment with The B Team Responsible Tax Principles. Developed in conjunction with investors, international institutions and civil society organisations, the Principles guide responsible tax practices in seven key areas including corporate governance, relationships with authorities and transparency.

Our economic contribution can be significant for national budgets and local development priorities such as job creation and skills training for the countries in which we operate. In 2023 our global taxes and royalties payments totalled \$8.5 billion across more than 30 countries. Over the past ten years, we have paid \$76.0 billion in taxes and royalties globally.

In Australia we are one of the largest taxpayers, having paid \$6.6 billion (A\$10.0 billion) in taxes and royalties in 2023. Over the past ten years we have paid \$59.7 billion (A\$81.7 billion) in taxes and royalties in Australia, which is 78.6% of the global total for the same period.

We are committed to playing a leading role in working with and improving our relationships with stakeholders, including tax authorities. For more information, see page 24.

We believe in the importance of stable and effective tax systems that support long-term capital investment and ensure companies make an appropriate contribution. We are proud of the contribution we make in our host countries through taxation and royalties, and we fully support the work being undertaken by the Organisation for Economic Co-operation and Development (OECD) to protect the taxing rights of host governments in respect of extractive activities.

We also believe it is important to have a consistent standard against which companies can report their tax contributions. We report in full the 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, together with our *Country-by-Country Report*, meets the comprehensive requirements of GRI 207. Through these reports, alongside our *2023 Annual Report* and *2023 Climate Change Report*, we are demonstrating to our stakeholders the positive impact our company strives to have.

We welcome your feedback.

A handwritten signature in black ink, reading 'Peter Cunningham'.

Peter Cunningham
Chief Financial Officer

March 2024

Our taxes, royalties and social investment

We must ensure all of our stakeholders benefit from the success of our business. To do this, it is essential that we care for our employees, respect and safeguard the environment and communities where we explore, build and operate, and repurpose or rehabilitate the land when our operations come to an end.

We want to leave a lasting, positive legacy everywhere we work. The taxes we pay to governments is one way in which we do this, as they play a critical role in the economic health and development of the regions where we operate. The taxes governments and communities receive support the basic infrastructure of society – bridges and roads, schools and hospitals – as well as other local development priorities, including job creation and skills training. Australia is home to our largest operational footprint, and in 2023 we were one of Australia's largest taxpayers.

Catalysing economic opportunities for our host communities and regions is also a priority for us, and through our voluntary social investment we strive to support initiatives that we believe can have a positive impact in the communities where we operate.

\$8.5bn

Global taxes and royalties paid in 2023

\$6.6bn

Australian taxes and royalties paid in 2023

\$76.0bn

Global taxes and royalties paid in the last ten years

\$59.7bn

Australian taxes and royalties paid in the last ten years

Group effective corporate income tax rate on underlying earnings in 2023

30.3%

Australian effective corporate income tax rate on underlying earnings in 2023

30.5%

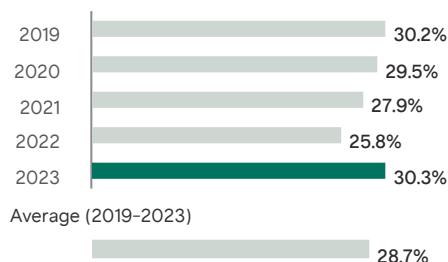
Group effective income tax and royalty rate on underlying earnings in 2023

39.8%

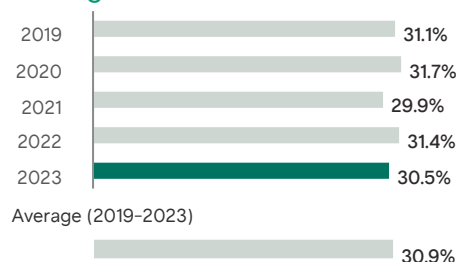
Australian effective income tax and royalty rate on underlying earnings in 2023

39.9%

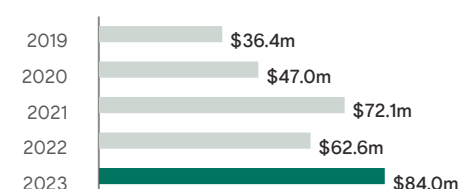
Group effective corporate income tax rate on underlying earnings¹



Australian effective corporate income tax rate on underlying earnings¹



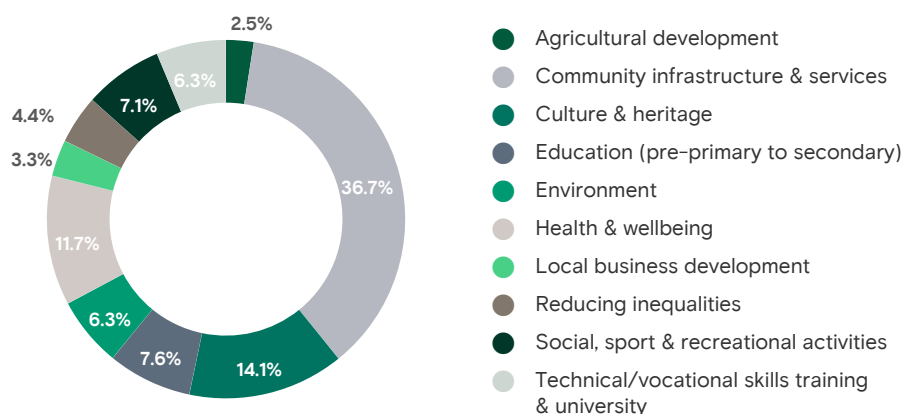
Voluntary social investment since 2019 – \$302.1m



2023 voluntary social investment contributions by category (% of annual total)

\$84.0m

Voluntary social investment in 2023



For more information about our social investment, see our 2023 Annual Report.

1. Comparative information has been restated to reflect the adoption of narrow scope amendments to IAS12 "Income Taxes".

Australia

Almost half of our global workforce – more than 24,000 employees – lives and works in Australia. In 2023, we paid \$6.6 billion (A\$10.0 billion) in taxes and royalties, making us one of Australia's largest tax payers. In total, over the past ten years we have paid \$59.7 billion (A\$81.7 billion) in taxes and royalties in Australia, representing 78.6% of the \$76.0 billion we have paid globally.

From Weipa at the northern tip of Queensland to Brisbane, from Tasmania to the Northern Territory, and from Perth to the vast landscapes of the Pilbara and the Kimberley, Australia is home to almost half of our global business and employees. We produce iron ore, salt, bauxite, alumina and aluminium, we responsibly close and rehabilitate mine sites, we are working to bring copper and scandium projects to life, and we explore the country for materials the world needs for a low-carbon future.

Climate change at the heart of our strategy

Across Australia, we are combining investments in commodities that enable the energy transition with actions to decarbonise our operations and value chains.

Our mines, smelters and refineries generate significant emissions. So, while we're producing the materials the world needs, we are also looking for ways to reduce emissions from our own business and support our customers to do the same. Our work in Australia will help reach Rio Tinto's global target of reducing Scope 1 and 2 emissions by 50% by 2030 and achieving net zero emissions by 2050.

We're investing in Pilbara renewable energy assets; developing up to 1GW of solar and wind power at our Pilbara operations; and working with China Baowu – the world's largest steel maker – to accelerate decarbonisation of the steel industry. We also signed a memorandum of understanding with the Yindjibarndi Energy Corporation in 2023 to explore opportunities to collaborate on renewable energy projects on Yindjibarndi Country.

For Pilbara ores, we are studying two potential green steel¹ pathways. We continue to test our breakthrough Biolron™ technology, which has the potential to reduce CO₂ emissions by more than 95%. And we've partnered with BHP and Bluescope in 2024 to accelerate the decarbonisation of steelmaking by jointly investigating the development of Australia's first ironmaking Electric Smelting Furnace pilot plant.

We signed Australia's biggest renewable power deal in early 2024 as we work to repower our Gladstone operations in Queensland. The agreement to buy the majority of electricity from Windlab's planned 1.4GW Bungaban wind energy project followed our power purchase agreement for what will be Australia's largest solar farm.

In 2023, we launched a partnership with the Australian Renewable Energy Agency and Sumitomo to build a hydrogen plant at our Yarwun Alumina Refinery in Queensland. The project involves a world-first pilot to test whether hydrogen can replace natural gas in the calcination stage. If successful, it would mean removing one of the biggest sources of carbon emissions from the alumina refining process.

Investing in and supporting thriving communities

In 2023, we spent A\$16.1 billion with more than 5,800 Australian-owned and operated businesses, and locally-owned and managed branches of global companies – a 5.2% increase from 2022 (A\$15.3 billion).

Supporting local businesses, employing local people, buying local products and engaging local services – especially from Indigenous, small and regional businesses – are key priorities. Without our suppliers, our business cannot exist.

In 2023, we increased our spend with local Australian businesses close to our operations to A\$1.2 billion, an increase of 25.6% from 2022. And we spent A\$727 million with Indigenous-owned suppliers, including Pilbara Aboriginal businesses in Australia, an increase of 29% from 2022.

We are partners in a wide range of community initiatives that matter to people. In 2023, we invested more than A\$74 million in initiatives and partnerships across Australia.

Through co-design with Traditional Owner groups in the Pilbara we re-established the Aboriginal Training and Liaison Program to empower Indigenous Peoples to develop skills for different jobs and industries.

Our Cultural Connection program continued to help our leaders better navigate and understand Indigenous culture and build strong, trusted relationships with Indigenous communities and employees in Australia.

In 2023, we also committed to a five-year partnership with First Nations Media Australia, to digitise and preserve at-risk audio and video tapes as part of our commitment to recognise, preserve and revitalise Australian Indigenous languages and culture.



For more information about our engagement with Indigenous Peoples in Australia, see our 2023 Annual Report.

\$6.6bn

Total taxes and royalties paid in Australia in 2023

\$4.1bn

Corporate income tax paid in Australia in 2023

\$2.2bn

Royalties paid in Australia in 2023

30.5%

Australian effective corporate income tax rate on underlying earnings in 2023

39.9%

Australian effective income tax and royalty rate on underlying earnings in 2023

\$59.7bn

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

\$14.9bn

Australian pre-tax underlying earnings in 2023

24,369

Employees

\$0.9bn

Taxes collected on behalf of employees and remitted to Australian governments



Employee mentoring students at Western Cape College, Weipa, Australia.

1. Produced using low CO₂ technologies.

Canada

With more than 13,800 employees working across 35 sites, we are the largest mining and metals company in Canada. We have world-class mines and processing capabilities spanning aluminium, iron ore, titanium dioxide and diamonds. We also undertake exploration activities and operate research and development centres, and port and rail facilities, with eight hydroelectric facilities in British Columbia and Quebec. In 2023, we spent a total of C\$6 billion in Canada.

Our Canadian high-quality alumina refinery and aluminium smelters in Saguenay–Lac-Saint-Jean, Quebec and Kitimat, British Columbia are powered by renewable hydropower. With our new Matalco joint venture, we are also able to add recycled aluminium to our portfolio of products.

Our Diavik Diamond Mine in Canada produces predominantly white, gem-quality diamonds. It is home to an award-winning wind farm and is building the largest solar power plant in Canada's North.

Our iron and titanium operations have been processing ore from the Quebec North Shore for more than 70 years in our Sorel-Tracy metallurgical and critical minerals complex, the largest titanium dioxide facility in the world. We also produce iron and steel used in specialised applications and scandium, an important critical mineral, from the waste streams of titanium dioxide production. The Critical Minerals and Technology Centre, founded in 1967, is a research and development hub where our scientists develop and improve processes from mining to finished products.

Iron Ore Company of Canada (IOC) is a leading producer of high-grade, low-impurity iron ore concentrate and pellets, enabling customers worldwide to operate more productively, reduce emissions and produce higher-quality steel for the modern world.

Finding better ways™ to reduce our carbon footprint

In 2023, we progressed our commitment with the Government of Canada to invest up to \$537 million (C\$737 million) to reduce emissions by up to 70% at our Rio Tinto Iron and Titanium (RTIT) Quebec Operations. This work supports technological innovations, including BlueSmelting™, a new ilmenite smelting technology that allows us to reduce and eventually eliminate the use of coal in the process. It will also progress initiatives to diversify RTIT's product portfolio, reinforcing our leadership as a North American supplier of critical minerals for key growth sectors such as electric vehicles, 3D printing and aerospace.

We have also committed to invest \$1.1 billion (C\$1.4 billion) to expand our AP60 aluminium smelter equipped with low-carbon technology at Complexe Jonquiere in Canada.

Investing in local communities in Canada

In 2023, we increased our spend with local and Indigenous businesses in Canada. For the year, we spent C\$1.7 billion with local suppliers, a 42% increase compared to 2022, including C\$256 million with 89 Indigenous suppliers.

We collaborate with Indigenous groups in Canada to implement agreements. We have 12 active long-term impact benefits/participation agreements, supported by proactive site-based and regional engagements. Our agreements include areas such as training and employment, procurement, land and water management, joint environmental monitoring and community investment.

In 2023, IOC signed an agreement with the Naskapi Nation of Kawawachikamach to create opportunities for greater participation by Naskapi people in IOC activities such as training and development, employment, collaboration on environmental projects and procurement. It will also encourage the practice of traditional activities and provide long-term financial benefits to the Naskapi Nation.

We are continuing to progress opportunities for increased engagement, participation and learning. For example, in 2023 representatives from the Cheslatta Carrier Nation in British Columbia attended the World Mining Congress in Brisbane and visited our Weipa operations in Queensland, Australia.

In 2023, we introduced new online training on awareness of Indigenous culture and issues across all our Canadian sites, as recommended by Canada's Truth and Reconciliation Commission.

We also partner with local organisations, like the Montreal Canadiens, to support them in their journey to net zero.



For more information about our engagement with Indigenous Peoples in Canada, see our 2023 Annual Report.

\$601m

Total taxes and royalties paid in Canada in 2023

\$278m

Corporate income tax paid in Canada in 2023

\$674m

Canadian pre-tax underlying earnings in 2023

13,864

Employees

\$500m

Taxes collected on behalf of employees and remitted to Canadian governments in 2023



Iron Ore Company of Canada hydropower dam, Sept-Îles, Canada.

Mongolia

By 2030, our Oyu Tolgoi operation in Mongolia's South Gobi Desert is expected to be the world's fourth-largest copper mine. Oyu Tolgoi produces both copper and gold, and is unrivalled in the industry in its scale and domestic economic impact. It is also one of the most modern, safe, sustainable and water-efficient operations globally, and comprises a workforce which is more than 97% Mongolian.

In 2023, we achieved our first sustainable underground copper production at Oyu Tolgoi – the first step in what will make Oyu Tolgoi one of the most important producers of copper in the world. And less than a year since we started underground production, we are well on the way to increase to 500,000 tonnes of copper per annum, from 2028 to 2036.

Since 2010, Oyu Tolgoi has spent a total of \$16.8 billion¹ in-country, including \$4.3 billion¹ in taxes, fees and other payments to Mongolian national and local governments. To date, it is the largest foreign investment made in Mongolia. 74% of the total spend has been to purchase goods and services from hundreds of Mongolian suppliers and other organisations. Our spend across the South Gobi region has grown from \$0.5 million in 2010 to a cumulative total of more than \$1.4 billion in 2023. The value of the spend with national suppliers that are majority owned by Mongolian citizens accounts for 72% of overall operational spend made in 2023, which brings the cumulative total spend with national suppliers to \$5.73 billion since 2010.

Finding better ways™ to reduce our carbon footprint

Our approach to environmental, social and governance (ESG) performance is informing our decision making as we develop projects in Mongolia. It is also guiding our work on initiatives to optimise and decarbonise energy consumption and introduce renewable solutions at Oyu Tolgoi.

In December 2023 we announced that, together with UNESCO, we will establish a comprehensive long-term partnership specifically designed to foster sustainable development in Mongolia. This is the first joint project promoting sustainable tourism of cultural and geo-heritage sites, and underpins our determination to preserve Mongolia's rich cultural heritage and diverse ecosystems. Importantly, it demonstrates the benefits of combining expertise for better environmental and climatic management, while creating a blueprint for responsible resource development which can be replicated globally.



Oyu Tolgoi copper mine, Mongolia.

Investing in local communities in Mongolia

We are working closely with communities and government to help realise the full opportunities for economic development. We remain focused on long-term sustainable development in Mongolia, increasing transparency in our business processes and continuing to strengthen our social investment and local employment initiatives.

In 2022, Oyu Tolgoi committed \$50 million over five years to support the Khanbogd Soum town development by 2040. Infrastructure projects are already underway including construction of a road, public square, recreational centre and local hospital renovations.

Since 2015, Oyu Tolgoi has made annual financial contributions to a Development Support Fund (DSF) – administered jointly by Oyu Tolgoi and the community – for community programs and projects in the Umnugovi aimag. In 2023, the fund provided \$6.2 million to complete a school, kindergarten and health care centre, construct sewage pipelines, pasture irrigation, a waste plant and implement rare animal protection projects.

5% of annual DSF investment goes towards the Future Generation Special Fund, to provide development opportunities for youth. In 2023, 114 local students received the Goviin Oyu scholarship to study in specialist fields, taking the total number to 519 students since 2015, 70% of whom have been hired to work in jobs in their local communities.

Oyu Tolgoi increased its employment from local communities in 2023 by 10% following a comprehensive recruitment process and local talent development. We are also continuing to strengthen local and national supply chains with local spending increasing from \$261 million in 2022 to \$272 million in 2023.

\$16.8bn¹

Invested in Mongolia
between 2010 and 2023

\$4.3bn¹

Total taxes and royalties
paid in Mongolia since 2010

\$371m

Total taxes and royalties
paid in Mongolia in 2023

\$249m

Taxes and royalties paid to the
Mongolian national Government
including royalties of \$91m

\$122m

Total taxes paid to the
regional governments

\$(1,187)m

Mongolian pre-tax underlying
loss in 2023

4,700

Employees

\$44m

Taxes collected on behalf of
employees and remitted to
Mongolian governments in 2023

1. Reported totals do not include any amounts in relation to the \$2.4 billion waiver of funding balances from a carry account loan with Erdenes Oyu Tolgoi. Refer to page 213 of our 2022 Annual Report for more information.

United States

In 2023, we paid \$123 million in taxes and royalties in the US.

The proposed Resolution Copper project in Arizona continues to progress through comprehensive and independent social and environmental regulatory reviews. Resolution has the potential to supply up to 25% of US copper demand, and create several thousand direct and indirect jobs, with an economic value of approximately \$1 billion annually over the estimated mine life.

Finding better ways™ to reduce our carbon footprint

Throughout 2023, we accelerated the decarbonisation of US mining to produce Premier American copper, and other essential minerals needed to power our changing world. We continued to innovate and invest for future growth in the US, and completed construction of a 5MW solar plant at our Kennecott copper operation.

As part of our global decarbonisation objectives, we are continuing to progress initiatives to actively reduce our carbon footprint. In 2023, U.S. Borax became the world's first open pit mine to fully transition its fleet of heavy machinery from fossil diesel to renewable diesel. This is expected to reduce CO₂ equivalent by up to 45,000 tonnes per year (similar to eliminating emissions from 9,600 cars¹).

We have also started to do the same at our Kennecott copper operation, with the transition to renewable diesel also expected to reduce emissions by around 459,000 tonnes CO₂ equivalent per year, similar to eliminating the emissions of more than 107,000 cars¹.

Our approach to sustainability is guided by our purpose: finding better ways™ to provide the materials the world needs. Nuton, a Rio Tinto venture, is partnering with several US-based mines to produce copper more sustainably, through a cutting-edge, bioleaching process. By harnessing the power of bacteria to extract copper from primary sulphides, Nuton's technologies have the potential to deliver improved ESG performance.



Solar plant at Resolution Copper project, Arizona, US

Rio Tinto Kennecott celebrated its 120th anniversary in 2023. The operation based in Salt Lake City, Utah, delivers approximately 12% of US copper production and has one of only two operating copper smelters in the US. Our borates business in California, U.S. Borax, supplies almost 30% of the global demand for refined borates. It is used in everything from agriculture to fibreglass insulation and in materials for renewable energy – for both wind and solar projects.

Investing in, and listening to, local communities in the US

We care about the people, communities, and environment where we live and work, honouring our rich heritage as we find better ways to provide the materials the world needs.

In 2023, we partnered with universities to provide scholarships and capstone projects in the US. Our Kennecott operation invested \$3.5 million in support of STEM education, community health programs, protecting the environment and preserving Utah's heritage in the community. And Resolution Copper contributed close to \$3 million in value through partnerships and donations, to projects with Native American Tribes and other communities in the Copper Corridor.

During the year, Resolution Copper signed agreements with a number of Native American Tribes with ancestral ties to the land, to work together on youth recreation, cultural preservation and economic initiatives. A Good Neighbor Agreement was also finalised with the Town of Superior, defining Resolution's relationship with the town and local community groups over the life of the mine.

As an accountable partner in Utah, California, Arizona and beyond, our focus is on continuing to support the communities in which our people live and work. We will continue to seek to protect resources, lands, and communities for the future.



For more information
about our engagement with Indigenous Peoples in the US, see our **2023 Annual Report**.

\$123m

Total taxes and royalties paid in the US in 2023

\$5m

Corporate income tax paid in the US in 2023

\$43m

Taxes paid to Salt Lake County, Utah in 2023

\$(566)m

US pre-tax underlying loss in 2023

3,973

Employees

\$124m

Taxes collected on behalf of employees and remitted to US state and federal agencies in 2023

1. Emissions-to-cars conversion source – Greenhouse Gas Equivalencies Calculator / US EPA.

South America

With the steady 2023 advancement of our Rincon Lithium Project – a large, undeveloped lithium-brine project in Argentina – we have reaffirmed our future priorities in the region. Production is planned to start at the end of 2024, and when fully operational the project will be a valuable source of rapidly produced, high-quality lithium for the global energy transition.

In northern Chile, we own a 30% share in Escondida, the world's largest copper mine. And in 2023, we entered a joint venture with Codelco by acquiring PanAmerican Silver's 57.74% stake in Agua de la Falda, to jointly explore and develop Nuevo Cobre, a project in the Atacama region of Chile.

In north-east Brazil, we own 10% in the Alumar aluminium refinery in São Luís, Maranhão, with the remaining 90% owned by Alcoa and South32. We also own 22% in the Mineração Rio do Norte (MRN) mine complex in Porto Trombetas, Brazil's largest bauxite mine.

We have interests in three non-managed operations in Chile, Brazil and Peru. In 2023, we entered into a joint venture with First Quantum Minerals to develop the La Granja project in Peru, one of the largest undeveloped copper deposits in the world, with potential to be a large, long-life operation.

In July 2023, we approved \$195 million to complete the 3,000 tonne per year battery-grade lithium carbonate starter plant in Argentina.

Our operations provide local jobs, and our taxes and other payments contribute to regional growth and development. In 2023, we paid \$539 million in taxes and royalties in South America.

Finding better ways to reduce our carbon footprint

Chile has set a power policy target (Energía 2025) for 20% of all Chilean energy to come from renewable sources by 2025. By tapping into Chile's rich solar and wind resources, Escondida is aiming to use 100% renewable electricity by the mid-2020s.

We also accelerated our uptake of electric vehicles (EVs) and battery storage solutions, supporting a range of growth projects, including Rincon.

Engaging with and listening to local communities

In South America, we have multiple exploration sites in Chile, Peru, Brazil and Colombia and work together with communities and local governments to support our efforts from exploration to development.

In Argentina, we are undertaking detailed assessment, definition and planning to develop Rincon to the highest ESG standards, while engaging with communities, the province of Salta and the Government of Argentina, to ensure an open, transparent and meaningful dialogue.

In 2023, we worked through concerns held by some local Indigenous suppliers about the procurement process for Rincon. We met with the communities, listened to the issues and made changes to facilitate their ability to access contracts. As the project advances, we will continue working with our stakeholders to find ways to add value to the future of the province and its community.

\$539m

Total taxes and royalties paid in South America in 2023

\$477m

Total taxes and royalties paid in Chile in 2023

\$29m

Total taxes and royalties paid in Peru in 2023

\$19m

Total taxes and royalties paid in Argentina in 2023

\$932m

South America pre-tax underlying earnings in 2023 (including equity accounted units)

1,803

Employees (including equity accounted units)

\$27m

Taxes collected on behalf of employees and remitted to South American governments in 2023



Escondida copper mine, Chile.

Africa

Our operations in Africa include mines, refineries and processing plants, and we conduct exploration activities across the continent. In Guinea, our Simandou project is the world's largest known untapped source of high-grade iron ore. We also have mineral sands operations in South Africa and Madagascar, and a non-managed interest in a bauxite mine also in Guinea.

Our Richards Bay Minerals (RBM) operation is a world leader in heavy mineral sands extraction and refining and it is South Africa's largest mineral sands producer. We have been operating here for more than 40 years. In 2023, RBM contributed \$66 million through corporate income tax and royalties, and R70 million in community investment.

QIT Madagascar Minerals (QMM), in the Anosy region of Madagascar, produces ilmenite, which is a major source of titanium dioxide, predominantly used as a white pigment in products such as paints and paper. Currently QMM employs 2000 people including contractors. 98% of QMM's workforce is Malagasy.

Our Simandou iron ore joint venture project in Guinea is the largest known undeveloped high-grade iron ore deposit in the world. We are working closely with all stakeholders to prepare for construction.

Finding better ways™ to reduce our carbon footprint

Our approach to ESG performance is informing our decision making as we develop Simandou. We are working with infrastructure and joint venture partners to ensure a consistent application of internationally recognised environmental and social performance standards across the entire project. We believe Simandou's high grade, high-quality product will position us well as we progress decarbonisation of the steel industry.

Construction is scheduled to commence in 2024 at a site in the province of Limpopo, to provide the infrastructure to progress a 130MW solar power purchase agreement with Votalia for RBM in South Africa.

This project will deliver an annual generation capacity of up to 300GWh and will feed into the national power grid to supply RBM's smelting and processing facilities. The renewable power supply is expected to cut RBM's annual greenhouse gas emissions by at least 10%¹.

QMM received its first renewable electricity supply in 2023 with the commissioning of the 8MW solar plant. Construction of the 16MW wind project, scheduled for completion by 2025, is also underway.

QMM's commitment to reforestation also continued throughout the year, helping local communities establish village tree nurseries.

Engaging with local communities

At our Simandou iron ore project, we work with communities to design and deliver local social investment programs, regional economic development programs and livelihood restoration initiatives to build community resilience and support the future of the operation.

In 2023, QMM committed to increase its community and social investment spend to \$4 million per year, on projects to be co-designed with communities, authorities and government, and which are consistent with local, regional and national development plans. This is part of a range of initiatives aimed at building trust and collaboration with local communities.

1. Compared to 2018 baseline emissions.

\$117m

Total taxes and royalties
paid in Africa in 2023

\$97m

Corporate income tax
paid in Africa in 2023

\$(295)m

Africa pre-tax underlying
loss in 2023 (including
equity accounted units)

\$68m

Total taxes and royalties
paid in South Africa in 2023

4,167

Employees in Africa (including
equity accounted units)

\$39m

Taxes collected on behalf of
employees and remitted to
governments of six countries
in Africa in 2023



Engaging local communities in Mafindou, Beyla Prefecture, Guinea.

Europe

Rio Tinto's first mines, when we formed as a company more than 150 years ago, were along the banks of the Rio Tinto river in Andalusia, Spain. Today, our global headquarters are in London and we have operations and legacy sites across Europe. We continue to invest in Europe, focusing on commodities and partnerships enabling the energy transition.

In Iceland, we operate the ISAL aluminium smelter where we produce some of the highest-quality, lowest carbon footprint aluminium in the world, employing more than 380 workers on site.

In Serbia, we continue to believe that the Jadar project can contribute to enhancing the electric vehicle supply chain ecosystem in Serbia. We continue to explore options with all stakeholders on how to progress this world-class opportunity to the highest environmental standards. In 2023, we paid \$3.8 million in employee and employer-related taxes, fees, and contributions.

We pay tax in 11 European countries:

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

Finding better ways™ to reduce our carbon footprint

We're evaluating a portfolio of options in energy-advantaged regions, including Europe, to accelerate the build-out of natural gas and eventually hydrogen shaft furnace solutions.

We continue to explore carbon capture and mineralisation options, leveraging our exploration and geological expertise. Together with Carbfix, we are planning to permanently store carbon underground at our ISAL aluminium smelter. Carbfix will use our land surrounding the ISAL smelter for onshore CO₂ injection in the world's first carbon mineral storage hub. Our goal is to use the Carbfix technology to further decarbonise our operations.

\$84m

Total taxes and royalties
paid in Europe in 2023

\$36m

Corporate income tax
paid in Europe in 2023

\$40m

Employer payroll tax
paid in Europe in 2023

\$99m

Europe pre-tax underlying
earnings in 2023

1,235

Employees

\$87m

Taxes collected on behalf of
employees and remitted to
European governments in 2023



ISAL aluminium smelter, Iceland.

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Port Dampier,
the Pilbara,
Western Australia

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 2023. We do not earn any significant profit in countries not listed in this table.

Within each country, total tax payments (net of refunds) 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.

Country and level of government (US\$ millions)	Corporate income tax	Government royalties	Fees, dividends and other extractive-related payments	Employer payroll taxes	Other taxes and payments	Total taxes and royalty payments borne	Employee payroll taxes
Australia Total	4,122.5	2,167.3	10.5	256.2	81.0	6,637.5	908.0
Australian Taxation Office	4,122.5	—	—	60.7	15.3	4,198.5	908.0
Australian Border Force	—	—	—	—	0.6	0.6	—
State of Western Australia	—	2,048.0	1.3	144.5	34.8	2,228.6	—
State of Queensland	—	86.8	2.5	38.1	5.6	133.0	—
Northern Territory Revenue Office	—	32.5	6.6	4.0	0.6	43.7	—
State of Victoria	—	—	—	1.8	2.6	4.4	—
State of New South Wales	—	—	—	3.8	—	3.8	—
State of Tasmania	—	—	—	3.3	—	3.3	—
Shire of Ashburton (WA)	—	—	—	—	6.5	6.5	—
City of Karratha (WA)	—	—	—	—	5.2	5.2	—
Gladstone Regional Council (QLD)	—	—	—	—	4.8	4.8	—
Shire of East Pilbara (WA)	—	—	—	—	1.6	1.6	—
Weipa Town Authority (QLD)	—	—	—	—	1.3	1.3	—
George Town Council (TAS)	—	—	0.1	—	0.8	0.9	—
Cook Shire Council (QLD)	—	—	—	—	0.5	0.5	—
West Arnhem Shire Council (NT)	—	—	—	—	0.5	0.5	—
Town of Port Hedland (WA)	—	—	—	—	0.2	0.2	—
Other Australian Governments	—	—	—	—	0.1	0.1	—
Canada Total	277.8	75.5	27.4	119.4	100.8	600.9	500.4
Canada Revenue Agency	189.0	—	0.2	23.1	(0.4)	211.9	303.1
Revenue Québec	13.0	—	0.1	84.4	7.0	104.5	195.2
Government of Newfoundland and Labrador	54.3	—	0.2	6.3	4.7	65.5	—
Ministre des Finances du Québec	—	56.3	0.4	—	0.4	57.1	—
Government of Northwest Territories	21.5	—	6.7	1.5	3.2	32.9	2.1
Ministry of Finance of British Columbia	—	19.2	0.4	4.1	6.6	30.3	—
Ville de Saguenay (QC)	—	—	0.8	—	26.4	27.2	—
District of Kitimat (BC)	—	—	—	—	17.7	17.7	—
Ville d'Alma (QC)	—	—	—	—	9.3	9.3	—
Naskapi Nation of Kawawachikamach ¹	—	—	7.4	—	—	7.4	—
Town of Labrador City (NL)	—	—	—	—	7.3	7.3	—
Centre de services scolaire du Fer (QC)	—	—	—	—	4.4	4.4	—
Les Innus de Uashat mak Mani-utenam and Les Innus de Matimekush-Lac John ¹	—	—	4.2	—	—	4.2	—
Ville de Sept-Îles (QC)	—	—	—	—	3.3	3.3	—
Innu Nation (Labrador) ¹	—	—	2.5	—	—	2.5	—
Ville de St-Joseph-de-Sorel (QC)	—	—	—	—	2.1	2.1	—
MRC du Fjord-du-Saguenay (QC)	—	—	—	—	1.7	1.7	—
Tlicho Government ¹	—	—	1.5	—	—	1.5	—
Municipalité de Ste-Monique de Honfleur (QC)	—	—	—	—	1.1	1.1	—
Ville de Sorel-Tracy (QC)	—	—	—	—	1.0	1.0	—
Conseil des Innus de Ekuanitshit ¹	—	—	0.8	—	—	0.8	—
MRC Maria-Chapdelaine (QC)	—	—	—	—	0.8	0.8	—
Ville de Bécancour (QC)	—	—	—	—	0.8	0.8	—
Yellowknives Dene First Nation ¹	—	—	0.8	—	—	0.8	—
Municipalité de Péribonka (QC)	—	—	—	—	0.7	0.7	—
Municipalité de L'Ascension-de-Notre-Seigneur (QC)	—	—	—	—	0.5	0.5	—
Strathcona County (AB)	—	—	0.2	—	0.3	0.5	—
Government of Alberta	—	—	0.4	—	—	0.4	—
Haisla Nation Council ¹	—	—	0.4	—	—	0.4	—
Municipalité de Havre-St-Pierre (QC)	—	—	—	—	0.4	0.4	—
Centre de services scolaire du Lac-Saint-Jean (QC)	—	—	—	—	0.3	0.3	—
Centre de services scolaire De La Jonquière (QC)	—	—	—	—	0.3	0.3	—

Country and level of government (US\$ millions)	Corporate income tax	Government royalties	Fees, dividends and other extractive-related payments	Employer payroll taxes	Other taxes and payments	Total taxes and royalty payments borne	Employee payroll taxes
Centre de services scolaire des Rives-du-Saguenay (QC)	—	—	—	—	0.3	0.3	—
Lutsel K'e Dene First Nation ¹	—	—	0.3	—	—	0.3	—
Centre de services scolaire de Sorel-Tracy (QC)	—	—	—	—	0.1	0.1	—
City of Yellowknife (NT)	—	—	—	—	0.1	0.1	—
Ministry of Environment of Quebec	—	—	0.1	—	—	0.1	—
Municipalité de Saint-Nazaire (QC)	—	—	—	—	0.1	0.1	—
Municipalité de Saint-Gédéon (QC)	—	—	—	—	0.1	0.1	—
Other Canadian Governments	—	—	—	—	0.2	0.2	—
Chile Total	466.7	—	2.4	0.1	8.1	477.3	19.7
Servicio de Impuestos Internos	466.7	—	2.4	0.1	8.1	477.3	19.7
Mongolia Total	1.8	90.5	59.2	37.7	181.4	370.6	43.9
General Department of Taxation	1.8	90.5	—	—	117.3	209.6	—
Ulaanbaatar City	—	—	—	37.7	—	37.7	18.4
General Department of Customs	—	—	—	—	39.2	39.2	—
Umnugovi Province	—	—	51.9	—	24.8	76.7	25.5
Gobi Oyu Development Support Fund ¹	—	—	6.2	—	—	6.2	—
Other Mongolian Governments	—	—	1.1	—	0.1	1.2	—
US Total	4.8	11.4	52.6	36.0	18.2	123.0	123.7
Internal Revenue Service	(3.6)	—	—	35.3	—	31.7	100.4
Salt Lake County Treasurer (UT)	—	—	43.6	—	(0.4)	43.2	—
Utah State Tax Commission	—	11.4	0.1	0.5	2.6	14.6	15.1
California Franchise Tax Board	2.2	—	0.1	0.2	8.3	10.8	5.9
Kern County Treasurer and Tax Collector (CA)	—	—	8.1	—	—	8.1	—
Ohio Treasurer of State	—	—	—	—	2.6	2.6	0.1
Pinal County Treasurer (AZ)	—	—	—	—	1.9	1.9	—
Arizona Department of Revenue	0.4	—	0.5	—	0.6	1.5	0.6
Kentucky Department of Revenue	0.8	—	—	—	—	0.8	—
Wisconsin Department of Revenue	0.7	—	—	—	0.1	0.8	—
Illinois Department of Revenue	0.7	—	—	—	—	0.7	1.1
Minnesota Department of Revenue	0.5	—	—	—	0.2	0.7	0.1
New York Department of Taxation and Finance	0.7	—	—	—	—	0.7	—
New Mexico Department of Revenue	—	—	0.2	—	0.4	0.6	—
Washington Department of Revenue	—	—	—	—	0.6	0.6	0.1
West Virginia Department of Revenue	0.6	—	—	—	—	0.6	—
Los Angeles County Treasurer and Tax Collector (CA)	—	—	—	—	0.4	0.4	—
Tennessee Department of Revenue	0.4	—	—	—	—	0.4	—
Louisiana Department of Revenue	0.3	—	—	—	—	0.3	—
Texas Department of Revenue	—	—	—	—	0.3	0.3	—
Indiana Department of Revenue	0.2	—	—	—	—	0.2	—
Inyo County Treasurer-Tax Collector (CA)	—	—	—	—	0.2	0.2	—
Oregon Department of Revenue	0.2	—	—	—	—	0.2	—
Florida Department of Revenue	0.1	—	—	—	—	0.1	—
Georgia Department of Revenue	0.1	—	—	—	—	0.1	—
Missouri Department of Revenue	0.1	—	—	—	—	0.1	—
New Hampshire Department of Revenue Administration	0.1	—	—	—	—	0.1	—
New Jersey Division of Revenue and Enterprise Services	0.1	—	—	—	—	0.1	—
South Carolina Department of Revenue	—	—	—	—	0.1	0.1	—
Sweetwater County Treasurer (WY)	—	—	—	—	0.1	0.1	—
Tooele County Treasurer (UT)	—	—	—	—	0.1	0.1	—
Comptroller of Maryland	—	—	—	—	—	—	0.2
Other US Governments	0.2	—	—	—	0.1	0.3	0.1

Country and level of government (US\$ millions)	Corporate income tax	Government royalties	Fees, dividends and other extractive-related payments	Employer payroll taxes	Other taxes and payments	Total taxes and royalty payments borne	Employee payroll taxes
South Africa Total	59.7	6.9	—	1.2	0.3	68.1	27.6
South African Revenue Service	59.7	6.9	—	1.2	0.3	68.1	27.6
UK Total	29.3	—	—	19.2	4.1	52.6	58.2
His Majesty's Revenue and Customs	29.3	—	—	19.2	0.3	48.8	58.2
Westminster City Council	—	—	—	—	3.7	3.7	—
Reading Borough Council	—	—	—	—	0.1	0.1	—
Guinea Total	35.6	—	—	0.8	5.6	42.0	8.2
Compte du Trésor Public République de Guinée	35.5	—	—	—	—	35.5	—
Direction Générale des Impôts – République de Guinée	0.1	—	—	0.8	5.6	6.5	8.2
Singapore Total	33.0	—	—	—	—	33.0	—
Inland Revenue Authority of Singapore	33.0	—	—	—	—	33.0	—
Peru Total	—	—	28.4	0.6	0.4	29.4	1.1
Private Investment Promotion Agency of Peru	—	—	26.3	—	—	26.3	—
Geological Mining and Metallurgical Institute of Peru	—	—	2.1	—	—	2.1	—
The National Superintendency of Customs and Tax Administration	—	—	—	0.6	0.4	1.0	1.1
Argentina Total	5.2	—	—	5.1	8.3	18.6	4.0
Administración Federal de Ingresos Públicos	5.2	—	—	5.1	8.2	18.5	4.0
Gobierno de la provincia de Salta	—	—	—	—	0.1	0.1	—
Iceland Total	5.8	—	0.1	9.0	3.2	18.1	14.5
Directorate of Internal Revenue	5.8	—	0.1	9.0	3.2	18.1	14.5
Brazil Total	0.7	1.4	0.1	4.9	6.8	13.9	1.9
Federal Revenue of Brazil	0.7	1.4	0.1	4.9	6.8	13.9	1.9
China Total	8.1	—	—	1.3	2.8	12.2	4.0
State Administration of Taxation	8.1	—	—	0.8	2.7	11.6	3.1
Beijing Municipality	—	—	—	0.5	0.1	0.6	0.9
France Total	(5.0)	—	—	7.9	0.5	3.4	5.7
Directorate General of Public Finance	(5.0)	—	—	—	0.5	(4.5)	2.3
Union de Recouvrement des Cotisations de Sécurité Sociale et d'Allocations Familiales	—	—	—	7.9	—	7.9	3.4
Total Other	11.4	3.6	0.1	4.9	2.9	22.9	33.6
Oman – Ministry of Finance Secretariat General for Taxation	10.1	—	—	—	0.1	10.2	—
Madagascar – General Direction of Taxes	1.0	3.6	—	0.3	2.2	7.1	1.4
New Zealand – Inland Revenue Department	(7.1)	—	—	0.1	0.2	(6.8)	18.2
Netherlands – Tax and Customs Administration	1.2	—	—	1.7	0.3	3.2	2.2
Belgium – Federal Public Service Belgium	1.0	—	—	0.8	—	1.8	1.8
Switzerland – Federal Tax Administration	2.1	—	—	—	(0.3)	1.8	—
Serbia – Tax Administration	—	—	0.1	0.9	0.4	1.4	2.4
Sweden – Swedish Tax Agency	0.9	—	—	0.5	—	1.4	0.5
India – Tax Department	1.3	—	—	—	—	1.3	2.8
Germany – Federal Ministry of Finance	0.2	—	—	0.3	—	0.5	1.0
Japan – National Tax Agency	0.3	—	—	—	—	0.3	1.4
Angola – Tax Authority	0.2	—	—	—	—	0.2	0.3
Kazakhstan – Committee of State Revenue	—	—	—	0.2	—	0.2	0.3
Finland – Finnish Tax Administration	—	—	—	0.1	—	0.1	0.2
Malaysia – Inland Revenue Board of Malaysia	0.1	—	—	—	—	0.1	—
Spain – Agencia Tributaria	0.1	—	—	—	—	0.1	—
Zambia – Revenue Authority	—	—	—	—	—	—	0.8
Mozambique – Ministry of Economy and Finance	—	—	—	—	—	—	0.2
Mozambique Tax Authority	—	—	—	—	—	—	0.1
Papua New Guinea – Internal Revenue Commission	—	—	—	—	—	—	0.1
Total payments to governments	5,057.4	2,356.6	180.8	504.3	424.4	8,523.5	1,754.5

Total 2023 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 \$1.8 billion. These refunds are not included in the table above.

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

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.

Product group and project (US\$ millions)	Corporate income tax	Government royalties	Fees, dividends and other extractive-related payments	Total payments for report on payments to governments purposes	Employer payroll taxes	Other taxes and payments	Total taxes and royalty payments borne	Employee payroll taxes
Iron Ore	4,400.9	2,048.0	1.3	6,450.2	165.9	57.6	6,673.7	576.3
Pilbara – Australia	4,394.0	2,045.5	1.2	6,440.7	161.8	55.2	6,657.7	564.2
Dampier Salt – Australia ¹	6.9	2.5	0.1	9.5	4.1	2.4	16.0	12.1
Copper	440.2	101.9	106.0	648.1	60.8	193.1	902.0	135.4
Kennecott Utah Copper – US	7.8	11.4	43.9	63.1	20.9	2.0	86.0	66.4
Oyu Tolgoi – Mongolia	—	90.5	59.2	149.7	37.7	181.0	368.4	43.9
Resolution Copper – US	(18.3)	—	0.5	(17.8)	1.7	2.0	(14.1)	5.2
Escondida – Chile – EAU ²	466.7	—	2.4	469.1	—	8.0	477.1	17.9
Winu – Australia	(16.0)	—	—	(16.0)	0.5	0.1	(15.4)	2.0
Minerals	321.3	10.4	32.8	364.5	55.2	45.1	464.8	245.9
Iron Ore Company of Canada ³	207.1	—	14.3	221.4	16.3	16.3	254.0	101.3
Richards Bay Minerals – South Africa	59.5	6.9	—	66.4	1.0	0.3	67.7	23.1
Rio Tinto Fer et Titane – Canada	0.4	—	0.8	1.2	19.5	6.6	27.3	58.2
QIT Madagascar Minerals	1.0	3.5	—	4.5	0.3	2.2	7.0	1.3
US Borates	21.3	—	8.2	29.5	7.4	9.0	45.9	24.0
Jadar – Serbia	—	—	0.1	0.1	0.9	0.4	1.4	2.2
Diavik – Canada	22.4	—	9.4	31.8	4.7	2.0	38.5	31.8
Rincon – Argentina	9.6	—	—	9.6	5.1	8.3	23.0	4.0
Aluminium	78.7	120.7	9.2	208.6	19.4	10.1	238.1	46.0
Weipa including Amrun – Australia	42.6	86.8	2.6	132.0	11.9	6.9	150.8	32.1
Gove – Australia	—	32.5	6.6	39.1	4.5	1.6	45.2	13.2
Sangaredi – Guinea – EAU ²	35.5	—	—	35.5	—	—	35.5	—
Porto Trombetas – Brazil – EAU ²	0.6	1.4	—	2.0	3.0	1.6	6.6	0.7
Exploration and other projects	(30.3)	—	28.5	(1.8)	5.6	8.1	11.9	28.1
Exploration – Australia	(22.5)	—	—	(22.5)	2.4	0.7	(19.4)	10.6
Exploration – Brazil	0.1	—	0.1	0.2	0.6	0.1	0.9	0.4
Exploration – Chile	—	—	—	—	0.1	0.1	0.2	1.8
Exploration – Peru	—	—	28.4	28.4	0.6	0.4	29.4	1.1
Exploration – US	(8.0)	—	—	(8.0)	0.8	1.1	(6.1)	4.2
Exploration – Other	—	—	—	—	0.3	0.1	0.4	1.8
Simandou – Guinea ⁴	0.1	—	—	0.1	0.8	5.6	6.5	8.2
Non-extractive projects⁵	(153.4)	75.6	3.0	(74.8)	197.4	110.4	233.0	722.8
Smelting and Refineries	(187.8)	75.5	3.0	(109.3)	106.7	91.4	88.8	365.4
Commercial, Finance, Head Office and Managed Operations	34.4	0.1	—	34.5	90.7	19.0	144.2	357.4
Total payments to governments	5,057.4	2,356.6	180.8	7,594.8	504.3	424.4	8,523.5	1,754.5

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 Minerals, reflecting management responsibility.

4. Simandou is an iron ore project but is reported under Exploration and other projects, reflecting management responsibility.

5. Non-extractive projects payments will not be included in the formal UK filing of the "Reports on Payments to Governments" to be filed at Companies House.

Reconciliation of accounting profit, taxation charge, corporate income tax paid and royalties

Reconciliation of 2023 accounting profit and total tax charge

US\$ millions	
Profit before taxation	13,785
Expected tax charge at UK rate of 23.5%	3,239
Higher rate of tax on Australian underlying earnings at 30%	835
Other tax rates applicable outside the UK and Australia	(2)
Tax effect of profit from equity accounted units, related impairments and expenses	(159)
Impact of changes in tax rates	(173)
Recognition of previously unrecognised deferred tax assets	(157)
Unrecognised current-year operating losses	567
Deferred tax arising on internal sale of assets in Canadian operations	(364)
Adjustments in respect of prior years	31
Other items	15
Total taxation charge	3,832

Reconciliation of 2023 royalties expense to royalties paid

US\$ millions	
Royalties included in accounting profit	2,487
Difference between royalties paid and royalties accrued	(130)
Total royalties paid	2,357

Reconciliation of 2023 total tax charge and current tax charge

US\$ millions	
Total taxation charge	3,832
Temporary differences	
Tax losses	531
Provisions	133
Capital allowances	628
Post-retirement benefits	(48)
Other temporary differences	16
Current taxation charge	5,092

Reconciliation of 2023 current taxation charge and corporate income tax paid

US\$ millions	
2023 Current taxation charge	5,092
Add current taxation charge of equity accounted units	508
Total current taxation charge including equity accounted units	5,600
Australian tax overpaid on 2022 profits - refund received in H1 2023	(138)
Australian instalments on 2023 profits due in 2024	(394)
Tax payments lower than tax charges (timing)	(11)
Corporate income tax paid	5,057

2023 Effective corporate income tax rates on total earnings

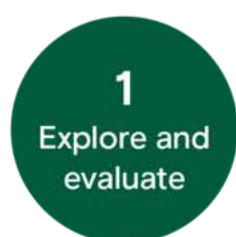
US\$ millions	Profit before taxation	Total taxation charge	Effective corporate income tax rate (%)
Underlying earnings	15,604	(4,722)	30.3 %
Exclusions from underlying earnings	(2,494)	890	35.7 %
	13,110	(3,832)	29.2 %
Add share of profit after tax of EAU's	675		
Total profit before taxation	13,785		

Payments to governments and the mining lifecycle

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

Mining and processing, by its very nature, disturbs the environment and can impact surrounding communities. But it also delivers significant economic and social benefits, including the production of essential materials, employment, small business development, training and skills development, and socioeconomic programs. Through taxes and royalties, we can also support the basic infrastructure of society – bridges and roads, schools and hospitals.

While we are proud of the economic contribution our business makes to governments around the world through our taxes and royalties, we also continue to work to minimise our impact on the environment and the Indigenous communities around our sites. By encouraging and supporting investment, governments have the opportunity to support increasing community needs. In this way, tax policy can play an important role in supporting countries' economic activity, growth and employment.



Explore and evaluate

0–20 years

The first phase of a project (before it becomes a mine) is exploration and evaluation. Payments made to governments during this stage usually include employment-related taxes for small project teams, as well as payments for permits, fees and licences. Generally, no corporate taxes or royalties are paid in this phase.



Develop and innovate

Up to 10 years

The increased expenditure created by the design and construction of a facility, as well as employment taxes associated with the greater number of people employed to work on the project, mean there are usually more taxes paid during a project's second phase. Withholding taxes, custom duties and unrecoverable GST/VAT on payments supporting the development of the project may be relevant. As tax losses will generally arise, there may be no corporate taxes paid in this phase.



Mine and process | Market and deliver

Decades

Once the facility is operational, governments begin to receive royalty payments, which can span many decades. In the initial years of operation, there may be no corporate income taxes paid as allowances for the capital costs associated with construction are applied or tax losses from the design and construction phase are utilised. Once tax losses have been utilised, corporate income taxes begin to be paid. As corporate income taxes relate to profits, commodity prices affect the tax revenue collected by governments. Profitable operations can result in a significant economic contribution in the form of taxes and royalties as well as other benefits to local economies in the form of employment, payments to suppliers and support to local communities.



Repurpose and renew

5+ years

Payments to governments in the final closure and post-closure phases, when the mine is no longer operational, are significantly less than in the operating phase.

Underpinned by disciplined capital allocation

Our commitment to transparency and responsible tax principles

We believe 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.

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

By partnering with investors, governments and civil society organisations, 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 Responsible 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 co-operative relationships with tax authorities, based on mutual respect, transparency and trust.
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 organisations 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 organisations and the general public, about our approach to tax and taxes paid.

Our Tax Policy

The Rio Tinto Group (“the Group”) has established a Group Tax Policy (“the Policy”) governing its tax strategy, which is reviewed and approved by the Board on an annual basis.

The primary responsibility of the Group in relation to taxation is to ensure compliance with the law and relevant statutory compliance obligations, and the application of our internal policies and standards. Within the limits established by these 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 our strategy and our commitment to transparency.

Tax risk management and governance

- The Group is committed to strong governance to identify, manage and report tax risks.
- 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 Audit and Risk Committee.
- We apply the arm’s length principle to related party cross-border transactions in line with guidelines issued by the Organisation for Economic Co-operation and Development (OECD).

Transparency

- The Group is committed to transparency about our taxes paid, payments to governments, and our approach to tax to our stakeholders: including investors, policy makers, employees, civil society and the general public.
- Rio Tinto will engage with governments and other stakeholders to share our experiences on disclosure and transparency and encourage the harmonisation of reporting obligations aligned with global best practice.

Dealings with tax authorities

- The Group values having good relations with tax authorities and is committed to engaging with tax authorities with integrity and transparency.
- The Group proactively engages with tax authorities on a real-time basis, including participation in co-operative compliance arrangements.
- 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 will respect and comply with all applicable tax laws.
- 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 our corporate reputation.
- We use business structures that are driven by commercial considerations, aligned with business activity.
- Where there is uncertainty regarding a tax position in relation to a major business transaction or initiative, we seek an opinion from an appropriately qualified 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 organisations 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 that rely on non-disclosure.
- Artificially transfer profits from one business location to another to avoid taxation.

Our approach to responsible tax principles

We endorse The B Team Tax Principles and are committed to responsible and sustainable tax practices. Our Tax Policy and actions reflect Rio Tinto's values and The B Team Tax Principles. Our approach to each of these Tax Principles is outlined below. Demonstrating our ongoing commitment, in October 2023 we participated in The B Team peer review process of our compliance with The B Team Responsible Tax Principles, in which no deficiencies were identified. We are committed to seeking feedback from our stakeholders with a view to continuing to improve our disclosures.

Corporate Accountability and Governance

The B Team Principle #1 – Tax is a core part of corporate responsibility and governance and is overseen by the Board of Directors.

Our Tax Policy – Tax risk management and governance

- The Group is committed to strong governance to identify, manage and report tax risks.
- 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 Audit and Risk Committee.
- We apply the arm's length principle to related party cross-border transactions in line with guidelines issued by the Organisation for Economic Co-operation and Development (OECD).

Our application of the principle – Governance Structure

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 oversees the execution of the Policy and monitors the appropriateness, adequacy and effectiveness of the tax risk management framework.

Subject to oversight by the Board and management, the conduct of the Group's tax affairs and the management of tax risk are delegated to a global team of tax professionals led by the Head of Tax who 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 Audit and Risk Committee. Periodic internal audits are conducted to provide assurance over compliance.

Consistent with our risk management approach, we are committed to conducting our business fairly, in compliance with the law, and in accordance with our core values of care, courage and curiosity. We are also committed to fostering a culture where people feel safe to report conduct that 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 confidential reporting program is key to meeting our commitment to protect and prevent retaliation against those who speak up.

Rio Tinto's Tax Governance Structure



Compliance

The B Team Principle #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.

Our Tax Policy – Tax risk management and governance

- We apply the arm's length principle to related party cross-border transactions in line with guidelines issued by the Organisation for Economic Co-operation and Development (OECD).

Our Tax Policy – Principles of tax planning and tax risk management

- The Group will respect and comply with all applicable tax laws.
- 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 our corporate reputation.
- We use business structures that are driven by commercial considerations, aligned with business activity.
- Where there is uncertainty regarding a tax position in relation to a major business transaction or initiative, we seek an opinion from an appropriately qualified external adviser to support the position.

Our Tax Policy – Rio Tinto will not:

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

Our application of the principle – Pillar Two Implementation

We respect and are committed to complying with the laws of countries where we operate. This will include compliance with the Organisation for Economic Co-operation and Development (OECD) Two Pillar Solution for a global tax framework. Pillar Two of this framework seeks to address tax base erosion and profit shifting by applying a 15% global minimum tax. Following enactment of the UK's Finance (No. 2) Bill 2023 in June 2023, Pillar Two will apply to the Group from 1 January 2024.

These historically significant changes are complex and introduce extensive compliance obligations. The reliance on international accounting standards as a basis of taxation is novel and this additional complexity will require large multinational groups to develop global system solutions to enable compliance with the new laws. For this reason we encourage countries to enact and administer the Pillar Two rules in a uniform manner to alleviate complexity and inconsistencies.

We believe that tax should be paid where our activities take place and value is created. Consistent with this we have relinquished or renegotiated certain substance based incentives available to the Group in key jurisdictions such as Singapore and Guinea to ensure this objective is met. For further details on tax incentives refer to page 25.

Our application of the principle – Intra-Group transactions

The operation of a large multinational company involves many transactions between Group entities located in different countries. Transactions between Group entities are driven by commercial reality, and the 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 legislation.

We implement globally consistent transfer pricing policies so that the pricing of transactions between Group entities reflects 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 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 disclose our material cross-border intra-Group transactions to revenue authorities through the lodgement of our tax returns and other co-operative compliance arrangements. 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 meet the requirements of the GRI Tax standard GRI 207.

Details of our material intra-Group transactions are discussed in more detail in the following sections.

Commercial centre activities

Our Commercial function encompasses our global sales and marketing, trading, procurement, and marine and logistics operations. With more than 70% of the Group's sales to customers located in the Asia region, our global commercial centre is headquartered in Singapore where we have 469 employees. We also have commercial offices close to other key regional markets in Chicago, Antwerp and Frankfurt, with regional sales support offices located in China, Japan and South Korea. Being closer to our customers enhances opportunities to identify and respond to market developments.

Our Commercial centre in Singapore includes supporting functions such as 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 owned and third-party ships, and in our third-party and transload sites.

We currently employ approximately 56 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 also undertake captive insurance activities in Singapore as outlined below.

The profit before tax made by our Singapore entities from global sales and marketing activities in 2023 was \$798 million. This represents approximately 6% of our global and 6% of our Australian profit before tax of \$13.8 billion and \$12.9 billion, respectively. The profit before tax made by our Singapore entities from marine, logistics and procurement activities in 2023 was \$205 million.

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 legislative requirements. Transfer pricing involves a judgement about the allocation of value between the relevant countries.

In 2022 we agreed the transfer pricing of marketing activities undertaken in Singapore in respect of iron ore, bauxite, alumina and aluminium produced in Australia with both the Australian and Singaporean tax authorities for a period of five years.

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 and equity financing, enabling efficient cash flow management between entities. Treasury entities located in the UK 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 UK or Australia at statutory corporate tax rates.

Rio Tinto provides mine development funding in relation to the Oyu Tolgoi project from Singapore financing entities. During 2023, one of these entities held a tax incentive (refer to page 25 for details). From 1 January 2024 interest earned is subject to tax in Singapore at the statutory corporate tax rate. These financing arrangements are subject to international tax rules (specifically controlled foreign corporation rules) in the UK.

The pricing of our intra-Group financing arrangements are 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.

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 Australian resident entities. In 2023, a tax payment of approximately A\$9.9 million was made to the Australian Taxation Office (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; and 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.

Business structure

The B Team Principle #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.

Our Tax Policy – Principles of tax planning and tax risk management

- The Group will respect and comply with all applicable tax laws.
- 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 our corporate reputation.
- We use business structures that are driven by commercial considerations, aligned with business activity.
- Where there is uncertainty regarding a tax position in relation to a major business transaction or initiative, we seek an opinion from an appropriately qualified external adviser to support the position.

Our Tax Policy – Rio Tinto will not:

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

Our application of the principle – Tax haven entities

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

We have four controlled entities that are tax resident in "tax havens", as defined above.

They are located in the British Virgin Islands and Bermuda, and further details of each are included below. A list of our subsidiaries can be found in our *2023 Annual Report*.

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

Our Board-approved Tax Policy provides that "We use business structures that are driven by commercial considerations, aligned with business activity." We will therefore not create new entities in tax haven locations unless that location aligns with business activity. We have progressively investigated options to eliminate existing "tax haven" entities where the commercial and tax costs of doing so are not excessive. This has resulted in a decrease in the number of "tax haven" entities over the last decade.

We note that Bermuda has announced the introduction of a 15% corporate income tax commencing 1 January 2025. Accordingly, from that date the three entities tax resident in Bermuda will cease to be "tax haven" entities as defined above.

THR Oyu Tolgoi Ltd

This entity is tax resident in the British Virgin Islands and was incorporated in 2000. Rio Tinto acquired this entity as part of the acquisition of the Turquoise Hill Resources group. It owns shares in Oyu Tolgoi LLC, which holds the Oyu Tolgoi copper project in Mongolia. That entity is held in joint venture with the Mongolian government.

This entity is a holding company only and did not derive any income in 2023, therefore no tax benefits were obtained. Future income is expected to be in the form of dividend income from its shares in Oyu Tolgoi LLC paid from profits that have borne corporate income tax in Mongolia.

This entity is a party to legal agreements associated with the Oyu Tolgoi project and cannot therefore be eliminated. We are investigating whether it is feasible to change its tax residency.

North IOC (Bermuda) Holdings Limited and North IOC (Bermuda) Limited

These entities are tax resident in Bermuda and were incorporated in 1997. Rio Tinto acquired these entities as part of the takeover of North Limited in 2000. The entities hold Rio Tinto's interest in the Iron

Ore Company of Canada (IOC), which is 58.7% owned by the Group, and owns the integrated IOC iron ore operations in Canada.

These entities are holding entities only and in 2023 they derived dividend income from their investment in IOC. This dividend income represents the underlying profits of IOC which are taxable in Canada. The dividends are on-paid to Australia and the UK where no additional taxation is applicable.

These entities also derived bank interest resulting from the time lag between receipt of the dividend and the on-payment to the shareholders in Australia and the UK. The majority of this interest is taxable in Australia at the rate of 30% under Australia's controlled foreign corporation rules.

We have evaluated the possibility of eliminating these entities; however, this is not possible without incurring material tax and commercial costs. As noted above, Bermuda has announced the introduction of a 15% corporate income tax commencing 1 January 2025 and therefore these entities will cease to be "tax haven" entities as defined above.

QIT Madagascar Ltd

This entity is tax resident in Bermuda and was incorporated in 1986. It is the holding company for our 85% ownership in QIT Madagascar Minerals SA, a Madagascar company which produces ilmenite, a major source of titanium dioxide. The other 15% is held by the government of Madagascar.

The entity provides interest-free loan funding to QIT Madagascar Minerals SA. The funding is in substance equity but is required to have the legal form of debt to avoid diluting the equity rights of the host government pursuant to the mine development and investment agreements.

This company did not derive any income during the year, and therefore no tax benefit was derived in respect of this entity. Future income is expected to be dividend income from its shares in QIT Madagascar Minerals SA paid from profits that have borne corporate income tax in Madagascar.

We are evaluating whether it is possible to remove this entity or change its tax residency. As noted above, Bermuda has announced the introduction of a 15% corporate income tax commencing 1 January 2025 and therefore this entity will cease to be a "tax haven" entity as defined above.

Approach to engagement with tax authorities

The B Team Principle #4 – We seek, wherever possible, to develop co-operative relationships with tax authorities, based on mutual respect, transparency and trust.

Our Tax Policy – Dealings with tax authorities

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

Our application of the principle

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 support the updated Business at OECD (BIAC) Tax Best Practices, which are intended to support responsible business tax management and to enhance co-operation, trust and confidence between tax authorities in developing countries and international business. The Tax Best Practices have been designed to provide an aspirational framework to guide business activities and interactions with tax authorities when setting and delivering their tax strategies and tax governance framework.

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, we participate in the ATO's justified trust program. This program provides a level of assurance around the tax treatments we adopt in our Australian filings. In the UK, US and Canada, we participate in relevant large business compliance programs, and work cooperatively with the examination teams to help them understand our transactions and tax reporting.

In the UK we meet periodically with HMRC for a Business Risk Review, and exchange information regarding business activities and transactions proactively and in response to enquiries.

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.

For example in 2022 we cooperatively resolved a long-running disagreement with the Australian Taxation Office regarding the transfer pricing of marketing activities undertaken in Singapore in respect of iron ore, bauxite, alumina and aluminium produced in Australia. Through this process agreement was also reached with both the Australian and Singaporean tax authorities on the pricing of those transactions for the five years from 2022 to 2026.

In March 2024 we also agreed a Unilateral Advanced Pricing Arrangement (APA) with the Indian tax authority for the provision of management consultancy and support services and the trading of metal powders for the five years from 2021 to 2025.

We disclose material tax disputes

Oyu Tolgoi has received three separate tax assessments which remain in dispute with the Mongolian Tax Authority as follows:

- \$155 million (US dollar equivalent at that time) in cash tax for the 2013–2015 tax years, issued in 2018. Oyu Tolgoi paid \$5 million in 2018 and the remaining balance was paid in 2021 after a period of initial engagement.
- \$228 million (US dollar equivalent at that time) in cash tax for the 2016–2018 tax years, issued in December 2020. This assessment was paid in 2021. This assessment further sought to disallow tax losses of approximately \$1.5 billion.
- \$82 million (US dollar equivalent at that time) in cash tax for the 2019–2020 tax years, issued in December 2023. This assessment was paid in 2024. The assessment further sought to disallow tax losses of approximately \$790 million.

The items in each assessment are similar in nature and are inconsistent with the Oyu Tolgoi Investment Agreement and Mongolian Tax Legislation. In 2020, after attempting to negotiate an outcome to the first two assessments, the parties jointly agreed to refer the disputed matters to international arbitration for resolution in accordance with the terms of the 2009 Investment Agreement. The arbitration process was suspended between February 2022 and December 2023 to allow additional time for a mutual agreement to be reached in relation to the disputed items. The parties jointly agreed to recommence the arbitration process in January 2024 and the items in the third tax assessment have been added to the existing arbitration. The arbitration process on matters of this complexity can take over 12 months to complete.

The amounts assessed are required to be refunded if the matters are resolved in Oyu Tolgoi's favour via the international arbitration process. The disputed taxes paid are in addition to the \$2 billion of taxes and royalties paid in Mongolia for the years in dispute.

Tax incentives and concessions

The B Team Principle #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.

Our Tax Policy – 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.

Our application of the principle

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. None of the regimes under which we have been granted incentives has been noted by the OECD as being a harmful tax practice.

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

Singapore

The Singapore Government has historically granted our company a tax incentive that applies to the profits of our Singapore sales and marketing, trading, 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 a significant contribution to the economy and meet the criteria set by the government. We met the substance and activity requirements of the incentive in 2023 and paid a reduced tax rate of 5.5% on eligible profits from these activities.

As noted above, the new Pillar Two 15% global minimum tax will apply to the Group from 1 January 2024. We believe that tax should be paid where our activities take place and value is created. Consistent with this we have relinquished the relevant incentive and will pay tax at the Singapore tax rate (currently 17%) from 1 January 2024.

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 Enterprise Scheme. This incentive is contingent on the location of significant economic substance in Singapore and is available to all qualifying taxpayers. This incentive has been maintained which is aligned with the exemption for International shipping activities under the Pillar Two legislation.

Income from qualifying insurance activities was also exempt from tax in Singapore until our application under the Tax Exemption Scheme for Captive Insurers carrying on Offshore Insurance Businesses expired in October 2023. We have not renewed our application for this incentive.

The Singaporean financing entity that provides mine development funding to Oyu Tolgoi has historically been granted a Section 13U tax incentive under which income is exempt from corporate tax on the basis of meeting the requisite substance and eligibility criteria. This incentive has also been relinquished with effect from 1 January 2024 with interest income earned after that date subject to the statutory tax rate in Singapore. 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 paid or deducted in Mongolia in relation to this financing arrangement in 2023.

Madagascar

In August 2023, Rio Tinto and the Government of Madagascar reached agreement on the future fiscal arrangements for QIT Madagascar Minerals (QMM) and renewed their long-term partnership for the sustainable operation of the QMM minerals sands mine in Fort Dauphin, Madagascar. The State holds a 15% free carry ownership interest in QMM and maintains its 20% voting right, with no obligation to contribute to capital funding or exposure to dilution.

The Framework Agreement between the parties is publicly available on our website. In accordance with the terms of that agreement the tax regime agreed with the Government is more favourable than the normal tax regime in some respects, including a corporate tax rate of 15% instead of 20%, VAT rate of 0% instead of 20% and a mining royalty rate of 2.5% instead of 5%. Full details of the tax regime for QMM are available in the Framework Agreement.

Guinea

In February 2024, the Rio Tinto Board approved the Group's future investment in the Simandou project¹. We plan to invest \$6.2 billion in the mine, rail and port project in the Republic of Guinea in collaboration with our joint venture partners including the Government of Guinea.

The domestic tax legislation in Guinea provides for tax incentives to promote investment in certain industries, including mining and infrastructure. The Simandou project sponsors have negotiated fiscal settings which are more favourable than the normal tax regime in Guinea in some respects. For example, the Simfer mining tax incentives include a reduced corporate tax rate of 15% for the first eight years (ordinary rate of 30%), a nil withholding tax rate for dividends (usually 15%) and an exemption from the 3.25% mining construction customs duty. Full details of these tax settings will be publicly available once the relevant Investment conventions are ratified by the Guinea National Assembly.

Canada

Canada is a competitive location for international shipping. Our North American shipping desk is located in Montreal and benefits from an income tax exemption on the profit generated on managed ships.

Quebec's (Canada) Government offers partial tax holidays on profits earned from government-certified capital investments of more than C\$100 million. Over the years, our subsidiaries have had six capital investment projects approved for such tax holidays.

Belgium

In Belgium, our diamond-trading business is subject to the Carat Tax regime. This regime is compulsory for diamond-trading companies that are registered in Belgium and is applicable to turnover generated by genuine and habitual diamond trade. Under the Carat Tax regime, the standard corporate tax rate of 25% is applied to 2.1% of gross turnover less allowable deductions; however, taxable income cannot be lower than 0.55% of turnover.

US

The US Government passed the *Inflation Reduction Act* on 16 August 2022. This law provides significant incentives including grants and tax credits for investments and operations that meet detailed requirements related to clean energy and climate change. These are broadly available incentives for all US taxpayers that meet the requirements of the legislation. We are investigating what incentives may be applicable to our goal of reducing carbon emissions from our operations and investments. Of note, the OECD has granted favourable treatment of these credits under the Pillar Two regime.

1. Subject to the remaining conditions being met, including joint venture partner and regulatory approvals from China and Guinea.

Supporting effective tax systems

The B Team Principle #6 – We engage constructively in national and international dialogue with governments, business groups and civil society organisations to support the development of effective tax systems, legislation and administration.

Our Tax Policy – 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 organisations on initiatives to advance transparency over tax and payments to governments.

Our application of the principle

Stable, competitive, fair and effective tax systems are important to incentivise investment, which, in turn, underpins 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 supports 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 are relevant to our business, including by contributing relevant information and sharing experiences that help create viable outcomes. We have played a leading role in the formulation of the new 15% global minimum tax.

Accordingly, we engage constructively in national and international dialogue with governments, business groups and civil society organisations to support the development of effective tax systems, legislation and administration. We do this by engaging both directly and via industry associations such as ICMM, Business at OECD (BIAC), the Minerals Council of Australia, the Business Council of Australia, the Confederation of British Industry, the Organization for International Investment, the National Mining Association in the US, the Mining Association of Canada and other 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 and 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 thought and ideas and are open to conversations – including concerns – that can help us improve the way we run our business. This is consistent with our core values of care, courage and curiosity. 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 organisations on initiatives to advance transparency over tax and payments to governments, and our steady progression on disclosures and transparency is directly informed by feedback from our stakeholders around the world.

Incentivising the transition to net zero

A range of policy measures is necessary to support early movers to innovate and deploy low carbon technology in hard-to-abate sectors, such as alumina and aluminium. Incentives, both tax and non-tax, and investment from and partnerships with government and research partners, are key to facilitating industrial transitions to net zero.

Together with Sumitomo Corporation, we will build a first-of-a-kind hydrogen plant in Gladstone, Australia as part of a A\$111 million program aimed at lowering carbon emissions from the alumina refining process. This project only became possible after a A\$32 million co-funding boost from the federal government's Australian Renewable Energy Agency.

Building on a track record of transparency

The B Team Principle #7 – We provide regular information to our stakeholders, including investors, policy makers, employees, civil society organisations and the general public, about our approach to tax and taxes paid.

Our Tax Policy – Transparency

- The Group is committed to transparency about our taxes paid, payments to governments, and our approach to tax to our stakeholders: including investors, policy makers, employees, civil society and the general public.
- Rio Tinto will engage with governments and other stakeholders to share our experiences on disclosure and transparency and encourage the harmonisation of reporting obligations aligned with global best practice.

Our application of the principle

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 about 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 governments, as well as project-by-project disclosures.

Consistent with our commitment to building on transparency about our economic contribution, we report 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 annual *Country-by-Country Report*, applies the requirements of GRI 207, which applies to reports or other materials published on or after 1 January 2021 (see Appendix 2 for GRI 207 Reporting Framework Index for this report). This report includes Rio Tinto’s management approach to 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 annual *Country-by-Country Report*, which can be found on our website, contains our topic-specific disclosures under GRI 207, namely:

- Disclosure 207-4 Country-by-country reporting.

This report 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 (the *Reports on Payments to Governments Regulations 2014* [as amended], and the *Extractive Sector Transparency Measures Act*). These reports include the project-by-project information disclosed in this report.

We also disclose mineral development contracts with governments, where they are not subject to confidentiality restrictions, therefore 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 that also apply to other companies and projects. We also continue 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 practice. 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.

Publication of our tax strategy as required under the Finance Act 2016

As required by UK law, we publish our Tax strategy on an annual basis as part of this document. Our Tax Policy on page 19 explains our worldwide approach to tax. These statements are reviewed annually by the Board and were last approved on 25 October 2023. In addition, Our approach to responsible tax principles on pages 20-28 sets out further details of our tax strategy, and together these sections represent publication of our tax strategy for the year ended 31 December 2024 in accordance with paragraph 16, schedule 19 of the *UK Finance Act 2016*.

Independent auditor's report to Rio Tinto plc and Rio Tinto Limited

Report on the audit of Selected Information

Opinion

We have audited the Selected Information in the report "Taxes and Royalties Paid Report 2023" ("the Report") of Rio Tinto plc and Rio Tinto Limited (together "Rio Tinto") for the year ended 31 December 2023 which comprises the total payments to governments included in the section of the Report entitled "Analysis by country and level of government" for the following balances:

- Total taxes and royalty payments borne of \$8,523.5 million; and
- Employee payroll taxes of \$1,754.5 million;

being together "the Selected Information".

In our opinion the Selected Information of Rio Tinto for the year ended 31 December 2023 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 ISA (UK) 805, and the terms of our engagement letter dated 12 December 2023. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC 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 Rio Tinto 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 Rio Tinto'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 related to compliance with laws and regulations

We have considered whether there are risks of material misstatement in the Selected Information relating to laws and regulations. The Selected Information represents historical amounts paid and therefore, given the basis of preparation, has not been directly determined by taxation and employment law legislation.

Additionally given the nature of the Selected Information and how it has been prepared, we have not identified any risk of breaches of laws or regulations that could give rise to a material misstatement in the Selected Information.

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 fraud 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. This comprises the whole of the Report except 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 conclusion 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 Rio Tinto are responsible for the preparation of the Report, including the preparation of the Selected Information in accordance with the special purpose basis of preparation in Appendix 1 to the Report; this includes determining that the basis of preparation is acceptable in the circumstances and for such internal control as management determine is necessary to enable the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error.

The directors of Rio Tinto 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 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.

As the preparation of the Selected Information does not involve an assessment of going concern by management, we have no responsibilities to assess going concern for the purposes of this report.

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

This report is made solely to Rio Tinto, in accordance with the agreed terms of our engagement. Our audit work has been undertaken so that we might state to Rio Tinto 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 Rio Tinto 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

28 March 2024

Appendix 1: Basis of preparation

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

The report gives readers an overview of the total payments 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 (throughout this report – “Rio Tinto” or “the Group”). The scope of reporting is described on this page.

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 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 2023. 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 2023).

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 2023).

Scope and methodology of reporting

Reporting currency

All payments to governments have been reported in US dollars unless indicated otherwise. Where the functional currency of a Group entity is not US dollars, reportable payments are translated from the functional currency to US dollars at the average exchange rate for the year.

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 2023.

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 that typically arise as a result of contractual obligations in relation to the extraction of minerals or metals. Typically, these taxes become payable, and are paid, in the year to which they relate, though in the case of infrastructure improvements, the payments (none in 2023) 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 Tax and other payments to governments made on a project-by-project basis 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 in this section are reported in the Other taxes and payments column of the table in the Analysis by country and level of government, and Tax and other payments to governments made on a project-by-project basis 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.

Appendix 2: GRI 207 reporting framework index

Our 2023 *Taxes and Royalties Paid Report* and our *Country-by-Country Report* are prepared with reference to The B Team Principles and the GRI 207: Tax 2019 standard. The following table outlines how these reports comply with GRI 207.

GRI 207: Tax 2019	Description	Section reference within this report or Country-by-Country report where specified	Page
207-1 Approach to tax ²	a. A description of the approach to tax, including:	– Our approach to responsible tax principles	20
	i. whether the organisation has a tax strategy and, if so, a link to this strategy if publicly available ²	– Our Tax Policy – Our approach to responsible tax principles	19 20
	ii. the governance body or executive-level position within the organisation that formally reviews and approves the tax strategy, and the frequency of this review	– Our approach to responsible tax principles: Corporate accountability and governance	20
	iii. the approach to regulatory compliance	– Our approach to responsible tax principles: Compliance.	21
	iv. how the approach to tax is linked to the business and sustainable development strategies of the organisation.	– Our approach to responsible tax principles: Corporate accountability and governance and Business structure	20 23
207-2 Tax governance, control and risk management ²	a. A description of the tax governance and control framework, including:	– Our approach to responsible tax principles	20
	i. the governance body or executive-level position within the organisation accountable for compliance with the tax strategy	– Our approach to responsible tax principles: Corporate accountability and governance	20
	ii. how the approach to tax is embedded within the organisation	– Our approach to responsible tax principles: Corporate accountability and governance	20
	iii. the approach to tax risks, including how risks are identified, managed, and monitored	– Our approach to responsible tax principles: Corporate accountability and governance	20
	iv. how compliance with the tax governance and control framework is evaluated.	– Our approach to responsible tax principles: Corporate accountability and governance	20
	b. A description of the mechanisms for reporting concerns about unethical or unlawful behaviour and the organisation's integrity in relation to tax.	– Our approach to responsible tax principles: Corporate accountability and governance and Compliance	20 21
	c. A description of the assurance process for disclosures on tax and, if applicable, a reference to the assurance report, statement, or opinion.	– <i>Taxes and Royalties Paid Report 2023</i> : Independent auditor's report to Rio Tinto Plc and Rio Tinto Limited – <i>Annual Report 2023</i> : Independent auditors' reports of KPMG LLP ("KPMG UK") and of KPMG ("KPMG Australia")	29 267
207-3 Stakeholder engagement and management of concerns related to tax ²	a. A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including:	– Our approach to responsible tax principles	20
	i. the approach to engagement with tax authorities	– Our approach to responsible tax principles: Compliance and Approach to engagement with tax authorities	21 24
	ii. the approach to public policy advocacy on tax	– Our approach to responsible tax principles: Supporting effective tax systems and Building on a track record of transparency	27 28
	iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders.	– Our approach to responsible tax principles: Supporting effective tax systems and Building on a track record of transparency	27 28
207-4 Country-by-country reporting	a. All tax jurisdictions where the entities are resident for tax purposes.	– Our <i>Country-by-Country Report</i> for the period 1 January – 31 December 2022 ¹ is available on our website and meets the requirements of GRI 207-4 including tax residency details by jurisdiction which are included in Appendix 3 of that report.	
	b. Details for each jurisdiction reported in 207-4a.		
	c. The time period covered by the information reported in Disclosure 207-4.		
	Compilation requirement 2.1		
	Compilation requirements 2.2		

1. Our *Country-by-Country Report* for the period 1 January – 31 December 2023 will be available on our website when it is published in 2024.

2. Paragraph 16, Schedule 19 of the *UK Finance Act 2016* requires that Rio Tinto should publish our Tax Strategy on an annual basis, and that this may be published as a separate document or as a self-contained part of a wider document. We consider that this requirement is satisfied for the year ended 31 December 2024 by Our Tax Policy and Our approach to responsible tax principles sections of this report. The cross references in the table above are to key elements of the tax strategy, but the tax strategy as a whole is contained within Our Tax Policy and Our approach to responsible tax principles sections.

Appendix 3: 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

In accordance with UK Regulations, “project” means the operational activities that are governed by a single contract, licence, lease or concession and form the basis for payment of liabilities with a government.

Where such agreements are substantially interconnected, ie are operationally and geographically integrated with substantially similar terms, they are treated as a project.

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.

Royalty

Payments to governments in respect of revenue or production related to extraction of minerals or metals.

Tax

Any amount of money required to be paid to a government, whether by law or by agreement, including without limitation corporate income tax, 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. Fines and penalties are not included.

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

2023 Taxes and Royalties Paid Report.

Underlying earnings and pre-tax underlying earnings

“Underlying earnings” is defined in the Alternative Performance Measures section of the *2023 Annual Report* on page 290 as being the net earnings attributable to the owners of Rio Tinto, adjusted to exclude items that 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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