

The background of the cover is a photograph of an industrial facility, likely a power plant or refinery, featuring two large cylindrical storage tanks with alternating red and white horizontal stripes. These tanks are situated on a rocky, elevated terrain under a clear blue sky. In the foreground, large, dark grey rocks are scattered across the lower half of the frame. On the right side, there is a decorative graphic consisting of several overlapping, wavy green lines. The sun is visible in the upper right corner, creating a bright lens flare effect.

Annual Report 2024

Rio Tinto á Íslandi ehf.

RioTinto

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Endorsement and Statement by the Board of Directors and the General Manager

Main activities

The ISAL aluminium smelter is operated by Rio Tinto Iceland Ltd. and is part of Rio Tinto Aluminum which is the aluminum part of the Anglo Australian mining company Rio Tinto. Rio Tinto headquarters are in London, but the largest part of the operation is in Australia and North America. The Headquarters of Rio Tinto Aluminum are in Montreal Canada. The aluminum part of Rio Tinto is split in two sections, Pacific and Atlantic. ISAL is part of the Atlantic section.

Our purpose is to continuously find better ways to produce high quality aluminum only we can produce with maximum profitability in conformance to customers' requirements by keeping environmental, safety and health affairs in the forefront. The company has resolved to be a leader in all its operations, to be guided by continual improvements and to always act in reconciliation with the environment and society. Our future depends on outstanding employees where equality is a guiding light. We abide entirely by laws and regulations and by Rio Tinto code of conduct. Our vision is to ensure growth and competitiveness of the company in a sustainable manner and achieve carbon neutrality by 2040. Full ISAL policy and mission statement can be found in [Annex A](#).

ISAL has a combined management system for quality, health, safety and environment that is certified by international standards ISO 90001, ISO 14001 and ISO 45001 in addition to a certified equal pay system in line with ÍST 85 standard. The company is also ASI certified (*Aluminum Stewardship Initiative*).

The main products of ISAL are value added aluminum billets. The billets from ISAL are ready for extrusion with customers. The billets are produced in various alloys, length and diameters according to the customer's wishes. The products from ISAL are used for various specialized products in the construction industry, auto industry, profiles and frames around solar cells to name a few examples. ISAL's customers are around 50, mostly in Europe but the number of customers varies between years. ISAL's sales office is in Paris and is managed by Rio Tinto. The main input into the operation is alumina, electricity, and anodes. Alumina is sourced from Rio Tinto. Electricity comes from Landsvirkjun, the state-owned power company which only produces renewable energy. Anodes come from various suppliers, mostly in China.

Continuous improvements and lean management are the main pillars of the operation. All incidents are recorded and analyzed. Risk assessment is performed in accordance with the business requirement with a focus on environment, health, safety and community.

On October 28th 2021 the Icelandic Environmental agency issued a new operating license for ISAL valid until November 1st 2037. Various new requirements are part of the new license and the dilution zone around the smelters is no longer part of the license. The license has implemented requirements for best available technology (BAT). The capacity in the license is for 230.000 tons.

The operating license is accessible on the website of the Environmental agency. The agency is also the surveillance authority for the company. The company is registered under the company code „2.1 aluminum production” according to the regulation on the Green Account nr. 851/2002.

The board of the company is represented by five individuals: Christian Charbonneau, Chairman, Katrín Pétursdóttir, Patrice Bergeron, Sigurður Þór Ásgeirsson and Rannveig Rist.

Further information on the board and its activities can be found in [Annex C](#) – Corporate Governance.

Endorsement and Statement by the Board of Directors and the General Manager

Health, Safety & Environment

Overall safety performance in 2024 was good. We had no lost-time incident (LTI) compared to 1 the previous year. However we had 1 medical treatment incident. First aid incidents were 9 and our all-injury frequency rate (AIFR) was 0,24. All incidents at ISAL, such as accidents, near accidents and dangerous incidents are reported. They are investigated and the results are used to make appropriate reforms. We strive to learn from incidents, from the parent company as well as outside of the company to prevent similar incidents happening at ISAL.

The emission of fluoride was 0.47 kg/t Al and dust was 0.82 kg/t Al. The emission of Sulphur dioxide was 14,0 kg/t Al. It is slightly lower than last year due to lower Sulphur content in anodes. All measurements are well within the operating limit.

Emission of greenhouse gases from production in 2024 was 1,52t/Al or 330.981 tons (within the ETS system). Scope 1 emission outside of ETS system was 1.594 tons, of which most is from diesel oil for vehicles (98%).

Taxonomy statement can be found in [Annex B](#). More detailed information on environment, health and safety can be under non-financial information, [Annex A](#).

Human Resources

The number of ISAL employees at year-end 2024 was 379 in 377 full time positions compared to 387 in 380 full time positions in 2023. 78,4% of employees were men and 21,6% female but nobody was listed a non-binary according to the National central register. Wages and related expenses were \$61,3M.

Employee turnover rate was 5,3% in 2024 compared to 5,7% in 2023. 30% of new employees in 2024 were women and 70% men if summer workers are excluded. Employee turnover is expected to increase somewhat in the coming years due demographic factors among employees and an increase in early retirement.

Market conditions and production

The business environment for the company continued to be challenging in 2024. The 1st quarter was relatively stable, but prices rallied in 2nd quarter due to sanctions against Russian metal but fell in the 3rd quarter on weaker global manufacturing data. Prices rose again at the end of the year after interest rates cut in US and stimulus measures in China.

World semi-fabricated demand rose by 2% and demand for primary aluminum increase at a similar rate. Demand from construction industry outside of China fell and remained weak in automotive. Global aluminum demand will continue to be driven by energy transition, particularly electric vehicles, and renewable energy.

ISAL was under power curtailment from Landsvirkjun part of the year due to low level of water in reservoirs. Therefore, Potrooms produced 202.070 tons which is slightly lower than planned. The casthouse produced 211.327 tons. Value added production was 207.258 tons or 98% . Casthouse production is lower than the previous year due to power curtailment and challenging market condition. The casthouse continued to put special emphasis on quality issues and a good relationship with customers. As a result, ISAL is rated as an A-supplier among all customers who issue such evaluation.

Main Risks and uncertainty factors

The main risks and uncertainty factors related to the operation of the Company are fluctuation in aluminium market prices and demand for our products. Furthermore, raw material prices and availability is a risk factor. Rio Tinto plc, the ultimate parent company, publishes further information on this matter which is available on the website www.riotinto.com.

The Company's market risk is mostly related to changes in aluminum price and product premia. Currency risk is low as the company settles in US dollars and the same applies for liquidity and credit risk as most transactions are with other entities within Rio Tinto Group. Specific risk factors are discussed in detail in [Annex A](#).

Finances

In 2024 revenues were \$612,0M compared to \$610,2M the previous year. Revenues increased slightly despite lower casthouse production due to power curtailment and market situation. Average realized aluminum price compromise the LME price, a market premium and a value-added product premium. Alumina price increases significantly in 4th quarter due to global supply disruption. Net profit is \$8,6M compared to a loss of \$6,4M the previous year.

According to the balance sheet total assets at year-end 2024 amounted to \$709,6M compared to \$697,8M the previous year. Total equity at year-end 2024 amounted to \$545,7M compared to \$537,1M the previous year.

Corporate governance

The financial statements of the Company include an [Annex C](#) on the Corporate Governance of the Company. The Board of directors consists of 60% men and 40% women. Detailed information on the board of ISAL can be found in [Annex C](#) – Governance statement.

Non-financial information

In [Annex A](#) of the financial statements are various types of non-financial information that are necessary to evaluate various aspects of the operation relating to environment, health, safety, human resources, community, stakeholders and our Code of Conduct. [Annex B](#) includes the EU Taxonomy statement and [Annex C](#) includes Corporate Governance statement.

Endorsement and Statement by the Board of Directors and the General Manager

Miscellaneous

On May 1st 2024, Adriana Karolina Pétursdóttir became HR Manager and Jakobína Jónsdóttir retired.

The board of ISAL changed significantly on the Annual general meeting in May 2024. See further information under board activities in Annex B, governance statement.

The Icelandic Environmental Agency issued an operating license with 230.000 ton capacity from 212.000 tons. Challenges to the license have been suspended.

On 1st of November the National Energy Authority (NEA) issued a permit for groundwater utilization for 30 years.

From June 1st 2025, Sigurður Þór Ásgeirsson will retire and Óskar Arnórsson will become finance manager.

Since 2023, Rio Tinto has reported its Scope 2 emissions using both market-based and location-based methods in compliance with the GHG Protocol. Rio Tinto Group reported zero Scope 2 emissions for its ISAL smelter under both methods in 2024. Use of Renewable Energy Certificates (RECs) and Guarantees of Origin (GOs) is managed at a Rio Tinto Group-level. The company has recently decided to transition to market-based Scope 2 emissions reporting as a primary metric and target and will be using this new methodology from now on, including ISAL. Any European GOs purchased by Rio Tinto are sourced from high-quality renewable energy facilities in Continental Europe through AIB.

Events after the completion of the Financial Statements

Landsvirkjun, ISAL’s power provider, sent a notice of curtailment due to poor water levels in Landsvirkjun’s reservoir systems in October 2024. The notice is based on paragraphs in the power contract. The curtailment were expected to last through May 2025. In February 2025, all curtailment were lifted due to unusually high rain in December and January 2025.

Guðni Ingólfsson has been confirmed as a manager of Compliance and Improvement.

Future prospects

The outlook for ISAL is in general favorable. Aluminum prices were 8% higher on average in 2024 compared to previous year. In general, the market outlook for aluminum with low carbon footprint like ISAL produces is good and market position among customers good. Global aluminum demand will continue to be driven by energy transition, particularly electric vehicles, and renewable energy, which puts ISAL in a strong position.

Disposition of profits

The Board refers to the Statement of Changes in Equity as regards the offsetting of the year’s profit. The Board proposes that no dividends be paid.

Ownership

At year end as in the beginning of the year, Rio Tinto Switzerland Ltd. owned all shares in Rio Tinto Iceland Ltd.

Statement by the Board of Directors and General Manager

To the best of our knowledge the Financial Statements give a true and fair view of the financial performance of the company for the year 2024, its assets, liabilities and financial position as of 31st December 2024 and its cash flows for the year 2024 in accordance with Icelandic Financial Statements Act no. 3/2006.

Further, in our opinion the Financial Statements and the endorsement by the Board of Directors and the Managing Director give a fair view of the development and performance of the Company’s operations and its position and describes the principal risks and uncertainties faced by the Company.

The Board of Directors and General Manager of Rio Tinto Iceland Ltd. hereby confirm the annual financial statements of Rio Tinto Iceland Ltd.

Straumsvík, May 14th 2025

Board of Directors

Christian Charbonneau, Chairman
Katrín Pétursdóttir
Patrice Bergeron
Sigurður Þór Ásgeirsson
Rannveig Rist

General Manager

Rannveig Rist

A series of white, wavy, vertical lines of varying thicknesses on the right side of the dark green background, creating a stylized, organic pattern.

RioTinto

Independent Auditor's Reports

To the Board of Directors and shareholders of Rio
Tinto Iceland Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rio Tinto á Íslandi ehf. ("the Company"), which comprise the balance sheet as of 31st December 2024, the income statement, and statement of cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31st December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Icelandic Financial Statements Act No. 3/2006.

Our opinion is consistent with the additional report submitted to the Audit Committee and the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were first appointed as auditors by the Annual General Meeting in March 2020. We have been re-appointed by resolutions passed by the annual general meeting uninterrupted since then.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>Reference is made to note 20.2 "Revenue recognition".</p> <p>Revenue is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Control is transferred to the buyer, according to the agreed delivery term for each sale.</p> <p>Almost all sale of the Company is to related company. The control is transferred when goods leaves the harbour in Straumsvík, and revenue is recognised at that time.</p> <p>The description continues on next page.</p>	<p>We assessed if the design of relevant controls were likely to ensure right timing of the revenue recognition.</p> <p>We confirmed revenue by obtaining direct confirmation from related company within the group.</p> <p>We evaluated whether sales transactions on either side of the balance sheet date as well as credit notes issued after year end were recognized in the correct period.</p>

Independent Auditor’s report, contd.:

Key Audit Matters	How the matter was addressed in the audit
<p>Revenue recognition, cont.:</p> <p>Local and Group management is in a position to influence the timing of the revenue recognition either by premature or late revenue recognition which gives rise to a fraud risk related to the timing of revenue recognition. The timing of revenue recognition is therefore one of the key audit matters of our audit of the financial statements.</p>	<p>See how the matter was addressed in the audit on prior page.</p>

Valuation and accounting treatment of embedded derivatives

<p>Reference is made to note 20.5 and 9 "Embedded derivatives".</p> <p>Embedded in the Company's contract is a derivative which is based on the London Metal Exchange (LME) market price of aluminium. The embedded derivative is separated from the host contract and presented separately in the balance sheet and measured at fair value. Change in the fair value of the derivative is recorded in the income statement.</p> <p>Due to the complexity and sensitivity of the estimate of the fair value of the embedded derivatives and that any change in management assumptions such as future market price of aluminium and changes in billet premium can have significant effect on the income statement and balance sheet of the Company, valuation of embedded derivatives is a key audit matter in our audit of the financial statements of the Company.</p>	<p>We involved our valuation specialists to:</p> <ul style="list-style-type: none"> - Challenge key assumptions relating to the valuation and calculation of embedded derivatives and to evaluated the reasonableness of management’s key judgements for the selection and application of methods, models, assumptions and data sources. - Evaluate the appropriateness and test the mathematical accuracy of the calculation by recalculating using our own models. - Evaluated the completeness, accuracy and relevance of disclosures required. <p>We evaluated the appropriateness of the accounting treatment of the embedded derivatives and the presentation and related disclosure in the financial statements.</p>
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Responsibilities of the Board of Directors and General Manager for the Consolidated Financial Statements

The Board of Directors and General Manager are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Icelandic Financial Statements Act No. 3/2006, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and General Manager are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors and General Manger are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's report, contd.:

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with The Board of Directors and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with The Board of Directors and audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and General Manager accompanying the financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the financial statements.

Hafnarfjörður, 14th May 2025

KPMG ehf.

RioTinto

Financial statements

Year end December 31st 2024



Income Statement for the year ended 31 December 2024

	Note	2024 USD '000	2023 USD '000
Operating revenue	20.2	611.168	609.484
Other income		823	673
		611.991	610.157
Raw material and energy		(426.805)	(440.216)
Other manufacturing expenses		(76.242)	(66.362)
Salaries and related expenses	4	(61.256)	(55.438)
Administrative expenses		(9.483)	(10.562)
Fair value change of embedded derivatives	9	8.833	(548)
Depreciation and amortization	6	(48.232)	(52.594)
		(613.185)	(625.720)
Operating loss		(1.194)	(15.563)
Interest income		12.453	10.699
Interest expense		(674)	(1.163)
Net currency exchange gain, (loss)		433	(691)
		12.212	8.844
Profit, (loss) before tax		11.018	(6.719)
Income tax	7	(2.397)	272
Profit, (loss) for the year		8.621	(6.447)

Balance Sheet as of 31 December 2024

	Note	31.12.2024 USD '000	31.12.2023 USD '000
Non-current assets			
Intangible assets		2.776	1.755
Property, plant, and equipment	8	292.227	310.376
Embedded derivatives	9	24.022	9.732
Shares in other companies		23	23
		319.048	321.886
Current assets			
Inventories	10	100.601	97.155
Trade and other current receivables		18.170	18.791
Trade receivables from related companies	16	25.241	30.031
Other receivables from related companies	16	244.910	228.534
Cash and cash equivalents		1.669	1.446
		390.591	375.956
Assets		709.639	697.842

Balance Sheet as of 31 December 2024 (continued)

	Note	31.12.2024 USD '000	31.12.2023 USD '000
Capital and reserves	12		
Share capital		4.906	4.906
Share premium		234.024	234.024
Statutory reserve		1.195	1.195
Retained earnings		305.613	296.992
Equity		545.737	537.116
Non-current liabilities			
Pension liability	13	9.350	4.523
Deferred tax liability	14	15.237	15.814
Provisions	15	11.052	9.468
Lease liability	11	3.909	4.131
Embedded derivatives	9	16.572	11.690
		56.120	45.626

	Note	31.12.2024 USD '000	31.12.2023 USD '000
Current liabilities			
Trade payables		47.773	55.451
Trade payables to related companies	16	26.453	28.058
Current portion of pension liability	13	2.388	2.639
Current portion of lease liability	11	461	582
Current portion of embedded derivatives	9	3.259	1.918
Income tax payable	7	2.817	3.056
Other current liabilities		24.631	23.397
		107.782	115.100
Total liabilities		163.902	160.726
Total equity and liabilities		709.639	697.842

Statement of Changes in Equity for the year ended 31 December 2024

	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
Changes in 2024					
Equity at 1.1.2024	4.906	234.024	1.195	296.992	537.116
Profit for the year				8.621	8.621
Equity at 31.12.2024	4.906	234.024	1.195	305.613	545.737
Changes in 2023					
Equity at 1.1.2023	4.906	234.024	1.195	303.439	543.563
Loss for the year				(6.447)	(6.447)
Equity at 31.12.2023	4.906	234.024	1.195	296.992	537.116

For further information see note 12.

Statement of Cash Flows for the year ended 31 December 2024

Operating activities	Note	2024 USD '000	2023 USD '000		Note	2024 USD '000	2023 USD '000
Profit (loss) for the year		8.621	(6.447)	Interest received		12.453	10.699
Adjustments for:				Interest paid		(674)	(1.163)
Depreciation and amortization	6	48.232	52.594	Net cash from operating activities		48.015	77.695
Loss on sale of assets		1.913	1.145				
Change in deferred tax liability		(577)	(1.218)	Investing activities			
Change in fair value of embedded derivatives		(9.853)	4.232	Acquisition of property, plant, and equipment	8	(30.268)	(33.390)
Net financial (income)		(11.779)	(9.430)			(30.268)	(33.390)
Other changes		5.478	4.334				
Working capital from operating activities		42.035	45.210	Financing activities			
				Repayment of short-term loan from related company		(16.376)	(43.541)
Inventories, (increase), decrease		(3.446)	31.122	Repayment of lease liability		(1.148)	(925)
Trade and other current rec., decrease		619	3.918			(17.524)	(44.465)
Trade and other current liab. (decrease)		(6.157)	(21.376)				
Trade rec. from related comp., decrease		4.790	7.483	Net increase (decrease) in cash and cash equivalents		223	(160)
Trade payables from related comp., (decrease), increase		(1.605)	1.801	Cash and cash equivalents at beginning of the year		1.446	1.606
Cash generated from operating activities		36.236	68.159	Cash and cash equivalents at year-end		1.669	1.446

Notes to the Financial Statements 2024

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1. General information

Rio Tinto á Íslandi ehf. (the Company) is a private limited liability company and complies with the Icelandic private limited liability companies law nr. 138/1994.

The Company is domiciled in Iceland and is a producer of aluminium that operates a production plant at its legal residence in Straumsvík, 220 Hafnarfirði.

The Company is a subsidiary of Rio Tinto Switzerland and an indirect subsidiary of Rio Tinto plc. with headquarters in London, United Kingdom. The Company's Financial Statements are part of the Consolidated Financial Statement of the ultimate parent company that can be found on the website: <https://www.riotinto.com/invest/financial-news-performance/results>.

2. Basis of preparation

The Financial Statements have been prepared in accordance with Icelandic Financial Statements Act no. 3/2006 and the regulation no. 696/2019 on the content and presentation of financial statements. The accounting policies applied are consistent with those of the previous financial year, except for that the classification of embedded derivatives in the balance sheet has been changed from previous year with no effect on equity. Comparative amounts in the balance sheet have been changed accordingly. For further information on accounting policies refer to **note 20**.

The Financial Statements have been prepared on the historical cost basis, except for embedded derivatives which are measured at fair value, defined benefit pension liabilities which are measured at the present value of the pension obligation and restoration provision measured at the present value of estimated future cost.

The Financial Statements are presented in US dollar (USD) which is the Company's functional currency.

3. Estimates and decisions

In applying the Company's accounting policies, management are required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The following are the critical judgements and estimates that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- The useful lives and impairment of property, plant, and equipment – refer to **note 8**.
- Fair value measurement of embedded derivatives – refer to **note 9**.
- The write-down of inventories – see **note 10**.

4. Salaries and other employee expenses

	2024	2023
Salaries	44.260	41.437
Pension fund contribution	5.960	5.633
Other salary and employee related expenses	6.459	5.215
Increase in pension liabilities – see note 13	4.577	3.153
	61.256	55.438
Average number of full-time employees (FTE)	411	398

5. Fees to auditors

Fees to auditors of the Company are specified as follows:

	2024	2023
Audit of financial statements	121	114
Other services	5	4
	126	118

6. Depreciation and amortization

Depreciation and amortization is specified as follows:	2024	2023
Amortization of intangible assets	430	221
Depreciation of property, plant, and equipment - see note 8	46.014	50.585
Amortization of embedded derivatives - see note 9	1.787	1.787
	48.232	52.594

7. Income tax

Income tax has been calculated and recorded in the Financial Statements. The amount charged to the Income Statement is USD 2,4 million (2023: negative 0,3 million charge). Income tax payable 2024 in the year 2025 is USD 2,8 million (2024: 3,1 million). Income tax rate for the year 2024 was 21%, income tax rate for the year 2025 is 20%.

Active income tax is analyzed as follows:	2024		2023	
	Amount	%	Amount	%
Profit, (loss) before tax	11.018		(6.719)	
Tax rate	(2.314)	(21,0%)	1.344	20,0%
Exchange rate difference	28	0,3%	(123)	(1,8%)
Change in estimate of tax assets	341	3,1%	(714)	(10,6%)
Other items	(452)	(4,1%)	(235)	(3,5%)
Income tax acc. to income statement	(2.397)	(21.8%)	272	4,0%

8. Property, plant and equipment

	Buildings and land	Plant and machinery	Assets under construction	Total
Cost				
Balance at 1.1.2023	259.245	716.346	20.633	996.224
Additions		354	32.711	33.065
Transfer from assets under construction	2.467	28.187	(30.813)	(159)
Disposals	(2.241)	(16.246)	(2)	(18.488)
Balance at 1.1.2024	259.472	728.642	22.529	1.010.642
Additions	201	2.254	28.036	30.491
Transfer from assets under construction	957	26.938	(29.530)	(1.635)
Disposals		(13.515)	(991)	(14.506)
Balance at 31.12.2024	260.630	744.319	20.044	1.024.993

8. Property, plant and equipment (continued)

	Buildings and land	Plant and machinery	Assets under construction	Total
Depreciation				
Balance at 1.1.2023	177.027	490.094	0	667.121
Depreciation for the year	7.877	42.708		50.585
Disposals	(1.366)	(16.074)		(17.440)
Balance at 1.1.2024	183.538	516.728	0	700.266
Depreciation for the year	7.366	38.648		46.014
Disposals		(13.515)		(13.515)
Balance at 31.12.2024	190.904	541.862	0	732.766
Book value				
Balance at 1.1.2023	82.219	226.252	20.633	329.103
Balance at 1.1.2024	75.933	211.914	22.529	310.376
Balance at 31.12.2024	69.726	202.458	20.044	292.227
Depreciation rates	0-20%	3-25%	0%	

Assets under construction are not depreciated. They are reclassified to the relevant category (Buildings & land, Plant & machinery, or Intangible assets) once construction is completed, and the assets are available for their intended use.

8. Property, plant and equipment (continued)

The assessment- and insurance value for the Company's assets is specified as follows:

	31.12.2024		31.12.2023	
	Assessment value	Insurance value	Assessment value	Insurance value
Buildings	105.766	268.872	105.409	225.515
Land	50.266	N/A	48.547	N/A

9. Embedded derivatives

Embedded in the Company's contracts is a derivative which is based on the global market price of aluminium. The embedded derivative has been extracted from the contract and is shown separately in the balance sheet.

Change in the fair value of the derivative is recorded in the income statement as follows:

	2024	2023
Raw materials and energy	(1.021)	3.683
Embedded derivatives, mark to market	(8.833)	548
Amortization – see note 6	1.787	1.787
	(8.066)	6.019

Embedded derivatives are presented as follows in the balance sheet:

	31.12.2024	31.12.2023
Non-current assets	24.022	9.732
Current assets	0	0
	24.022	9.732
Non-current liabilities	16.572	11.689
Current liabilities	3.259	1.918
	19.831	13.607

The method used to evaluate the embedded derivatives is the Black-Scholes model. The fair value estimates are subject to assumption, mainly due to developments of aluminium prices. An increase in aluminium prices will result in higher costs. A 10% increase in prices underlying the derivative will result in a pre-tax loss of USD 41 million (2023: USD 40 million). A 10% decrease in prices underlying the derivative will result in a pre-tax gain of USD 40 million (2023: USD 43 million).

10. Inventories

	31.12.2024	31.12.2023
Raw material and other inventory	70.840	62.576
Work in progress	15.007	12.945
Finished goods	1.871	7.962
Operating materials and spare parts	12.883	13.672
	100.601	97.155

During the year the Company recognised expenses in the amount of USD 439 thousand (2023: USD 517 thousand) as a result of an increase in the write down of spare parts inventories. There is no write-down recognised for raw materials, WIP, and finished goods inventories.

11. Leases

The Company has entered into agreements for the lease of land and equipment that are recognised on the balance sheet. The single most significant lease is for the lease of the site in Straumsvík. The Company has recognized a liability for a lease period ending in 2035.

Lease assets and liabilities recognised on the balance sheet

	Lease liabilities		Lease assets	
	2024	2023	2024	2023
Balance at beginning of year	4.713	5.082	4.453	5.536
Additions	470		470	
Revaluations	201	(825)	201	(224)
Repayments / depreciation	(1.146)	(925)	(952)	(858)
Interest expenses	257	301		
Exchange rate differences	(124)	1.080		
Balance at year end	4.371	4.713	4.172	4.453

Maturity analysis of lease liabilities:

	31.12.2024	31.12.2023
Payable within 12 months	686	818
Payable within 2-5 years	2.041	2.020
After year 5	3.048	3.489
	5.775	6.327

11. Leases (continued)

Amounts recognised in the income statement

	2024	2023
Depreciation of lease assets	(952)	(858)
Interest expense from lease liabilities	(257)	(301)
Payments for short-term leases	(76)	(111)
Total expenses from leases in income statement	(1.285)	(1.271)

12. Equity

Share capital

The number of issued and fully paid ordinary shares at year-end is 161.456.521 (2023: 161.456.521). The nominal value of each share is ISK 1 and each share carries one vote. The Company does not hold any treasury shares at 2024 year-end (2023: 0).

Share premium

The share premium account represents the amount received or receivable from the issuance of the Company's shares in excess of nominal value.

Statutory reserve

In accordance with the Icelandic Act no 138/1994 on private limited liability companies, the Company is to retain 10% of its annual profit in a statutory reserve until it equals 10% of the outstanding shares. After that, the Company is to retain 5% until the reserve equals 25% of the outstanding shares.

Retained earnings

Retained earnings represents the earned capital of the Company. Earned capital is the capital that develops and builds up over time from profitable operations after deducting dividends declared and paid to shareholders, and any transfers to or from restricted reserves in accordance with the applicable laws and regulations.

13. Pension liability

	Retirement benefit obligation	Early retirement benefits	Total
Changes in 2024			
Balance at beginning of year	1.304	5.857	7.161
Exchange rate difference	(96)	(155)	(251)
Payments during the year	(72)	(1.393)	(1.465)
Charged to profit and loss	70	6.223	6.293
Balance at year end	1.206	10.532	11.738
Classified as current	72	2.316	2.388
Classified as non-current	1.134	8.216	9.350
	1.206	10.532	11.738

The Retirement obligation of the Company at 31 December 2024 amounts to CHF 1.093.000 (2023: CHF 1.091.000) which is equivalent to USD 1.205.535 (2023: USD 1.304.476) at the year-end exchange rate. The calculation is according to an actuarial statement at year end 2024.

Employees who meet certain requirements can apply for an early retirement. The agreement stipulates that the employee can retire from work up to three years before reaching the age of 64 – 67 (depending on which contract they are under). They continue to receive certain payments and benefits from the Company for maximum of 3 years or when they reach formal retirement age (67 – 70 depending on the contract) which ever comes first. The liability is calculated based on the accrued rights of all employees that meet the requirements on the balance sheet date. The calculation is according to an actuarial statement at year end 2024.

	Retirement benefit obligation	Early retirement benefits	Total
Changes in 2023			
Balance at beginning of year	1.134	2.875	4.009
Exchange rate difference	123	424	547
Payments during the year	(71)	(968)	(1.039)
Charged to profit and loss	118	3.526	3.645
Balance at year end	1.304	5.857	7.162
Classified as current	70	2.569	2.639
Classified as non-current	1.234	3.288	4.523
	1.304	5.857	7.162

14. Deferred tax liabilities

	Asset / (liability)	
	2024	2023
Balance at beginning of year	(15.814)	(17.032)
Income tax income for the year	(2.397)	272
Income tax payable for the year	2.817	3.056
Transfer between income tax payable and deferred tax	157	(2.110)
Balance at year-end	(15.237)	(15.814)

Deferred tax assets / (-liabilities) are specified as follows by individual items at year-end:

	31.12.2024	31.12.2023
Property, plant, and equipment	(17.003)	(18.272)
Current assets	(528)	(626)
Deferred exchange rate difference	(89)	(66)
Other items	2.383	3.150
	(15.237)	(15.814)

Income tax loss carry forward amounted to zero at 2024 year-end (2023: 0).

15. Provisions

	2024	2023
Restoration provision		
Balance at beginning of year	9.468	9.130
Restoration provision recognised		
Exchange rate effect	(135)	147
Effects of discounting	203	262
Other changes in provision	1.516	(71)
Balance at year-end	11.052	9.468

In the terms of leasing contract for leased land under the operation, the Company is obligated to dismantling and removing all buildings and equipment from its premises and to restore the land to initial condition. As a result, the Company has recognized a provision for restoring its site in Straumsvík. Due to associated uncertainty, estimates may be revised in future reporting periods. Changes to the restoration provision are recognised as an adjustment to property, plant, and equipment.

16. Related parties

Related parties are those parties which have considerable influence over the Company, directly or indirectly, including parent company, owners or their families, large investors, key employees and their families, and parties that are controlled or dependent on the Company, i.e. affiliates and joint ventures. Business with related parties has been done on a similar basis as business with unrelated parties.

Total salaries and pension fund contributions for the Company's board of directors, general manager and key manager personnel amounted to USD 3.687 thousand for the year 2024 (2023: USD 3.390 thousand). Transactions with board members, general manager, and key manager personnel are solely related to salaries and pension benefits.

Transactions and balances with related entities 2024:

	Sale of goods and services	Purch. goods and services	Other income (expense)	Receivables	Payables
Sister companies	611.388	206.431	12.311	270.151	25.972
Other related parties		3.474			481
	611.388	209.906	12.311	270.151	26.453

Operating revenues are entirely from sales to a sister company in France.

At 2024 year-end, the Company has a receivable from its sister company in the amount of USD 244,9 million (2023: USD 228,5 million receivable) which is related to treasury management within the group. The balance of the treasury management account is classified as current receivable/payable and bears variable interest.

Other income (expense) consists mainly of interest revenues USD 12,3 million (2023: USD 10,5 million).

Transactions and balances with related entities 2023:

	Sale of goods and services	Purch. goods and services	Other income (expense)	Receivables	Payables
Sister companies	609.906	182.114	11.166	258.565	26.934
Other related parties		5.415			1.123
	609.906	187.529	11.166	258.565	28.058

17. Financial instruments

The Company manages capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company is not subject to external requirements for a minimum equity ratio.

Management monitors and analyses financial risks in the operations of the Company. Methods for financial risk management are reviewed on a regular basis to analyse any changes in the market or the Company's operations.

The following risks have been identified for the Company's financial instruments.

Credit risk

Credit risk is the risk of a counterparty defaulting on a loan or a payable, resulting in a loss for the Company. Receivables are predominantly from related companies as all operating revenues are from sales to a sister company in France. As a result, balances of receivables from non-related entities are not material. The Company does not recognise any write down of receivables as its effects are deemed immaterial.

Liquidity risk

Liquidity risk is the risk inherent in the loss that the Company may incur because it cannot meet its obligations within the required time limits. The Company's management monitors the liquidity position by analysing the maturity of financial assets and liabilities to ensure that the Company can repay all debt at maturity. In addition, the Company regularly monitors the development on the market and the effect it may have on the Company's future prospects. At year-end, the Company has a strong liquidity position with a current ratio of 3,9 (2023: 3,2) and quick ratio of 2,5 (2023: 2,4).

Market risk

Market risk consists of currency risk. The Company's objective is to manage and limit risk within defined limits, as well as to maximize returns.

Currency risk

Part of the Company's monetary assets and liabilities is denominated in foreign currencies and consequently exposures to exchange rate fluctuations arise, predominantly receivables and payables in ISK and EUR. The Company seeks to minimise currency risk through the monitoring of exchange rate fluctuations and the appropriate combination of monetary assets and liabilities in main transaction currencies.

The exchange rates and carrying amounts of the Company's foreign currency denominated monetary assets and liabilities are as follows:

31 December 2024:	Exchange rate	Assets	Liabilities	Net balance
ISK	0,007	1.357	17.744	(16.386)
EUR	1,038	100	3.831	(3.730)
Other currencies		16	1.304	(1.288)
		1.474	22.879	(21.405)
31 December 2023:	Exchange rate	Assets	Liabilities	Net balance
ISK	0,007	2.796	17.536	(14.740)
EUR	1,111	227	3.023	(2.796)
Other currencies		5	1.873	(1.869)
		3.027	22.432	(19.405)

A 10% strengthening of the USD against foreign currencies would have a negative pre-tax effect of USD 2,1 million on profit for the year (2023: negative USD 0,9 million). This analysis includes the foreign denominated monetary items detailed in the table above, with all other factors remaining constant. A 10% weakening of the USD against these currencies would have the same effect but in the opposite direction.

18. Contract obligations

The Company is obligated by the terms of the power contract with the energy supplier Landsvirkjun.

19. Other matters

The Smelter is insured against operational stop due to failure of supplied energy caused by events outside the operation, subject to policy terms and conditions of contract with the power supplier. The Company also has an indemnity insurance towards 3rd party.

20. Significant accounting policies

20.1 Foreign currencies

Foreign currency transactions, in other currency than USD, are entered at the prevailing exchange rate on the day of the transaction. Monetary assets and liabilities in foreign currencies are recognized at the exchange rate at the end of the reporting date. The resulting exchange rate difference is recognized in the income statement within financial income and expense.

20.2 Revenue recognition

Revenue from sales of goods is recognized when earned. Sale of goods are recognized when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer, according to the agreed delivery term for each sale. Revenue collected during the accounting period but relating to subsequent periods is recognized in the balance sheet as deferred income. Revenue earned in the accounting period but collected after the end of it is recognized in the balance sheet as trade receivables.

All the operating revenues of the Company are from sales to the related Company Rio Tinto Aluminium Pechiney in France. The control is transferred when goods leave the harbor in Straumsvík and revenue is recognized at that time.

20.3 Expense recognition

Expenses incurred to earn revenue during the period are recognized as operating expenses. Expenses incurred during the fiscal year but relating to subsequent fiscal years are recognized in the balance sheet as prepaid expenses. Expenses relating to the fiscal year but payable later are recognized as accrued expenses under liabilities in the balance sheet.

20.4 Financial income and expenses

Interest income is recognised for the period in accordance with the relevant principal and interest rate.

Financial expenses are recognized in the income statement during the period in which they accrue. Borrowing costs are capitalized and amortized on a straight-line basis using the effective interest rate method over the duration of the loan.

20.5 Embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivatives are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

The Company has a long-term agreement which contains embedded derivative. Income from this agreement is directly correlated to changes in the future price of aluminium. Changes in the fair value of derivatives is not designated as a hedge and separable embedded derivatives are recognised immediately in profit or loss.

Non-option like derivatives are bifurcated so as to have an initial fair value of zero but a option-like derivative embedded in the contract give rise to a liability and correspondingly to the recognition of an asset that is amortised over the life of the contract.

20. Significant accounting policies (continued)

20.6 Taxation

Income tax is calculated and recognised in the financial statements. The calculation is based on earnings before taxes, adjusted for the permanent difference between taxable results and results according to the income statement. The income tax rate for the year 2024 was 21% but 20% for the year 2025.

Income tax payable is an income tax that is estimated to be paid next year due to taxable profits for the year as well as adjustments to income tax payable for previous years.

Deferred tax is due to the difference between the carrying amounts of balance sheet items in the tax settlement and the financial statements. The difference is because the Company's income tax base is based on other assumptions than its financial statements.

Deferred tax assets are evaluated on the reporting date and only recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

20.7 Property, plant and equipment

Assets are recognised as property, plant, and equipment when it is probable that the future economic benefits associated with the asset will flow to the entity and the cost of the assets can be measured reliably. Property, plant, and equipment are initially measured at cost. The cost of property, plant, and equipment consists of the purchase price and all direct costs of bringing the property into a revenue-generating state.

Property, plant, and equipment are amortised on a straight-line basis over their estimated useful lives, considering their expected residual value.

Gain or loss on the sale of property, plant, and equipment is the difference between the sales price and the carrying amount of the asset on the date of the sale and is recognised in the income statement on sale.

20.8 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably.

CO2 allowances allocated from the government are measured at nominal value (zero). If actual emissions exceed the amount of allocated emission allowances, additional allowances are purchased. Purchased CO2 allowances are recognised at cost and recognised as intangible asset in the balance sheet. CO2 allowances are expensed as Other manufacturing cost in the income statements according to production usage throughout the year. If production for the period exceeds allocated emission allowances, the Company recognises a liability for the excess usage based on the cost of the already purchased allowances, or market price at reporting date for emission allowances not yet purchased.

Computer software are recognised at cost. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortization is calculated to write off the cost of the computer software less their estimated residual values using the straight-line method over estimated useful lives and is recognised in profit or loss. Estimated useful lives of computers software are not expected to be longer than 5 years.

20.9 Impairment of non-financial assets

At the reporting date, the carrying amount of assets is assessed for impairment. If there is an indication of impairment, the recoverable amount of the asset is assessed in order to determine the amount of impairment (if any).

The recoverable amount is either the net realisable value or the value in use of an asset, whichever is higher. To estimate the value in use, expected discounted cash flows are used at the interest rate that is appropriate for financing such assets, net of tax. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable value of an asset or cash-generating unit is lower than the carrying amount for reasons not considered temporary, the carrying amount of the asset is reduced to its recoverable value. Impairment of cash-generating units is recognised initially as a decrease in related goodwill, and then at a proportional decrease in the carrying amount of other assets of the entity. Impairment losses are recognised in the income statement.

If previously recognized impairment no longer applies, the carrying amount of the asset is increased again, but not in excess of the initial cost or amortised cost if the asset has a limited useful life. Impairment of goodwill is not reversible.

20. Significant accounting policies (continued)

20.10 Investment in other companies

Investments in shares in other companies are investments over which the Company has neither control or significant influence. Currently, the Company only holds one such investment in an unlisted company of an immaterial amount and its fair value is measured by reference to its cost. Fair value changes of investments in other companies are recognised in the income statement in the period in which they occur.

20.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling, and distribution.

20.12 Trade receivables

Trade receivables are recognised at nominal value, taking into account an allowance for doubtful accounts. The allowance is not a final write-off, but only a reserve for estimated future losses.

20.13 Cash and cash equivalents

The Company's cash and cash equivalent consist of cash and on-demand bank balances.

20.14 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability and the right-of-use asset is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise fixed payments less any incentives, variable lease payments that depend on an index or rate, expected residual guarantees and the exercise price of purchase options if the Company expects to exercise the option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability when the lease term changes, when lease payments change due to an index or rate adjustment, or when the lease contract is modified and the modification is not accounted for as a separate lease.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Variable rent payments that are not index-linked are not included in the measurement of the lease liability or the right-of-use asset but are expensed in the period in which they occur.

20.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, payment is probable and the amount can be estimated reliably.

Provisions for the costs to restore leased land to its original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred at the commencement date, at management's best estimate of the expenditure that would be required to restore the land. Restoration costs are included in the right-of-use asset for the leased land. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Pension liability is calculated according to IFRS, IAS 19.

20.16 Trade payables

Trade payables are recognised at nominal value, taking into account any accrued costs.

RioTinto

Annex A

Non-Financial Information



Non-financial information

Non-financial information is separated into three Annexes. Annex A covers Environmental- and social factors. Annex B is the EU Taxonomy Statement. Annex C is the Governance statement for the company. The content regarding environmental factors is mostly based upon the Green Account and Sustainability report which the company submits to the Icelandic Environmental Agency in April each year. Material on socio-economic issues comes from internal management review process held annually by the ISAL senior management team.

Governance & Management system

ISAL's management systems are compliant with ISO 9001, ISO 14001 and ISO 45001 international standards. Internationally recognized auditors perform the audits. All records are on file and up to date. The management system is a combined system which integrates environment, safety, security, community and quality related issues into one system. This system ensures that the mission and policy of the company is put into practice and third party verified.

In addition, ISAL and Rio Tinto perform various internal audits to further ensure our compliance and performance with regards to the above-mentioned standards but also various internal Rio Tinto performance standards.

ISAL has ÍST 85 certification which ensures compliance with regards to equal pay rights. ISAL has an ASI V3 (*Aluminum Stewardship Initiative*) certification. All records are on file. The standard is a performance standard with regards to environment, social, governance and a chain of Custody Standards with a set of requirements for a sustainable production, sourcing and stewardship of aluminum.

All environmental data and information is taken from ISAL's Green Account which is prepared according to regulation no. 851/2002. The Green account is available on the Company's website and the National Environmental Agency.



Governance - ISAL Policy

Our purpose is to continuously find better ways to produce high quality aluminum with maximum profitability in conformance to customers' requirements by keeping environmental, safety and health affairs in the forefront. The company has resolved to be a leader in all operations, guided by continual improvements and act in harmony with environment and community. Our future depends on outstanding employees where diversity, equality and human rights are a guiding light. We abide entirely by laws and regulations and by Rio Tinto's code of conduct. Our vision is to ensure growth and competitiveness of the company in a sustainable manner and achieve carbon neutrality by 2040.



Best operator

- Safety, environment and health a priority
- Experienced and engaged employees
- Increased re-cycling and reduced waste
- Responsible use of resources that supports circular economy



Decarbonization

- Products that reduce costumers' emission
- ISAL a first choice by costumers
- Responsible production in line with highest requirements
- Carbon capture

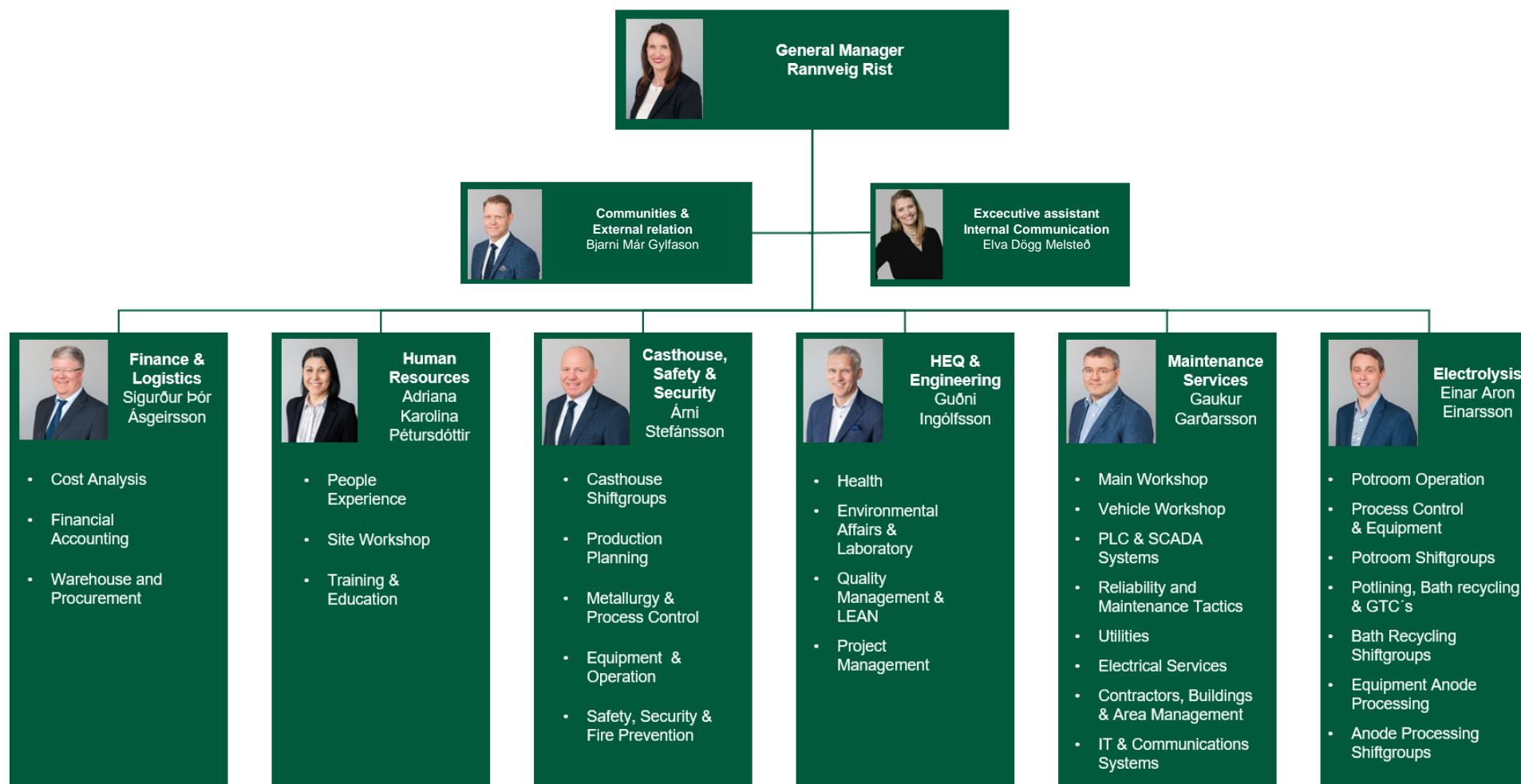


Prioritizing growth

- Employee training and education
- Tactical investment strategy and better utilization of equipment and asset
- Digitalization and automation

Impeccable performance to support our Social License

Governance - Rio Tinto Iceland Ltd. Organization Chart



Health, Safety, Security, Environment and Communities policy

Our policy on health, safety, environment, security and communities (HSSEC policy) applies to all Rio Tinto sites, including ISAL. Additionally, the ISAL Policy addresses the same topics at a higher level.

Rio Tinto is committed to delivering leading performance in health, safety, environment, security, communities, and human rights, as outlined in our code of conduct, "The way we work". This is the foundation for our social license, to become the best partner we can be for our employees, customers, suppliers, service providers, host countries and communities.

Nothing is more important than the health, safety and wellbeing of our employees, contractors, and the communities where we operate. We are dedicated to working together to create a physically and psychologically healthy and safe workplace for everyone.

We recognise the responsibility we are entrusted with and see ourselves as stewards of natural resources, including air, land and water, and the ecosystems they support. We aim to identify, assess and proactively manage HSEC risks, by developing and implementing plans and controls to prevent, minimise, mitigate, and remediate impacts of our operations on people and the environment.

Through proactive monitoring and securing of our operations, we're continuing to find better ways to minimise disruptions during unplanned events, while protecting people, assets, and reputation.

We strive to develop lasting relationships with communities and Indigenous Peoples by working together, learning about, and supporting their goals and aspirations, avoiding, or mitigating adverse impacts, and respecting their rights, culture, and heritage. We do this by engaging thoughtfully and authentically and forming genuine partnerships to deliver positive social outcomes. We support local businesses, employ local people, and buy local products or services to contribute to strong and resilient communities and thriving regional economies.

Our leaders, employees and contractors have a shared responsibility to prioritise ethics and transparency and build trust. We work responsibly and honour the commitments we make. We comply with relevant laws and regulations where we operate and, where these differ from commitments set out in our Policies and Standards, we follow the higher standard wherever possible.

We establish measurable objectives and targets for improving performance and provide the resources needed to meet our performance objectives. We support and encourage continual improvement by identifying, developing, and implementing better ways of working through the application of our Group-wide standards. Importantly, we have the courage and commitment to do what is right, not what is easiest.

Non-financial information - Environment

Mission statement and risks - Environment

ISAL emphasizes continually improving its performance in environmental issues. We resolve to act in harmony with the environment and society at all times and aim to be carbon neutral by 2040. Important environmental factors are closely monitored, in addition to which environmental monitoring takes place in the vicinity of Straumsvík. The main environmental risks associated with the operation of Isal are risks of non-compliance against the operating license and impact from the landfilling of spent pot lining (SPL). New operating license was issued in 2021 with new and stricter requirements. Isal has been in full compliance against the operating license since the new license was issued. A research conducted in 2023 on the environmental effects of landfilling SPL indicated low impact. ISAL manages a specific environmental risk register covering all risks. Main risks are escalated into the business risk register.

Below is an overview of the environmental factors that we define as important. A more detailed overview can be found in ISAL's Green Accounting, which is accessible on www.riotinto.is.

Emissions into atmosphere

Potrooms are the main source of pollutants in emissions and include fluoride, dust, and sulphur dioxide as well as greenhouse gases. The emission of fluoride in 2024 was **0.47 kg/t Al** and dust was **0.82 kg/t Al**. The emission of sulphur dioxide was **14,0 kg/t Al**, which is well below the operating limit. Other emissions into the atmosphere are mainly from dust filters, and automatic measurements are used to monitor their activity

Greenhouse gas emissions

Greenhouse gas emissions are one of ISAL's most important environmental factors. Emissions are divided into two sections: on the one hand, the section that falls under the European Emissions Trading Scheme (ETS) and on the other hand, the section that is outside it and falls under the commitments of the Icelandic government (see Green Accounting available on ISAL website). Greenhouse gas emissions from production processes are covered by the European Emissions Trading Scheme, while other emissions, e.g. emissions from vehicles, refrigerants and waste, are outside the Trading Scheme and fall under the commitments of the Icelandic government

The greenhouse gases from production processes are carbon dioxide (CO₂) and fluorocarbon (PFC). Carbon dioxide weighs the most and comes mainly from the anodes in the potrooms process but also due to the combustion of fossil fuels, which is mostly used in the casthouse. The production of aluminium requires a lot of energy, and it is therefore important that ISAL uses electricity that is produced with hydropower. Greenhouse gas emissions from production processes in 2024 was **1.52 per t/t aluminium**.

Emissions that do not fall under the Trading Scheme but are generated within the site are diesel oil used for vehicles, refrigerants, SF₆ used in switches and from landfill of waste. These emissions are covered by the Icelandic government's commitments, and ISAL has set goals for how the Company can support the government's action plan on climate issues. The largest part of emissions is from vehicles, but the primary goal at ISAL is to always have electric vehicles as the first option for renewing vehicles. The goal until 2030 is to reduce emissions from vehicles by 600 tons and refrigerants by 100 tons per year compared to 2015. Emission from outside of the ETS system in 2024 was **1.664 tons**.

Waste issues and hazardous substances

Most waste generated by the Company is recycled or reused, but the aim is always to reduce the generation of waste as much as possible. Extensive recycling takes place within the site, and for example, all cuttings of billets are re-melted in the casthouse.

Water consumption and wastewater

ISAL uses a considerable amount of water for cooling. Electrical equipment is e.g., cooled with water and water is also used for cooling when the aluminium is cast into billets. The water comes from one of the largest groundwater streams in the country, which flows into the sea in Straumsvík. The water intake has a negligible effect on the groundwater stream. Wastewater from the smelter is treated in two ways before being discharged into the sea. They are regularly monitored and emptied as needed. Samples are taken annually from all outlets and sent for chemical analysis. The results can be found in Green Accounting. All measurements were well within the limits of the operating license. Total water use in 2024 was **59,2 m³/tAl**.

Noise

Noise levels from the smelter are measured annually at 16 measuring points on the Company's site boundaries. The main sources of noise are alumina unloading and Gas Treatment Center. Measurements are conducted while alumina landing is in progress. Noise levels at the boundaries measured well within the limits of the operating license.

Environmental incidents

In 2024, **27** environmental incidents were recorded, in addition to **41** near-misses. One of them indicates deviations from the operating license when suspended solid was slightly over limit in the operation license. This was an isolated incident possibly due to sampling difficulty, but all measurements after that were well below the limit. Their consequences were insignificant.

Monitoring

Air quality is monitored at Hvaleyrrarholt and west of ISAL, where the concentration of fluoride, sulfur dioxide (SO₂) and hydrogen sulfide (H₂S) are measured. The air quality stations are operated by ISAL and the Environment Agency. In addition to air quality measurements, samples of vegetation (pine needles, leaves and grass) are taken and the fluoride content is measured, but fluoride can have a detrimental effect on vegetation and herbivores. Every five years, the impact of the operation on the marine ecosystem is monitored. The last study was conducted in 2023 and is available on ISAL's website.

Vegetation

The fluorine content in vegetation is high compared to the period from 1992, and the distribution of the increase indicates an effect from the eruption at Fagradalsfjall that started in 2021. Eruption have continued around Grindavík in 2023 and 2024. However, all values outside the area of limited liability are below the reference values for the tolerance limits of herbivores and the tolerance limits of deciduous and coniferous trees. Further results can be found in the MRI report: Fluoride Measurements in Vegetation in the Environment – Rio Tinto in Iceland, Measurement Data 2022, which can be found on the ISAL website [here](#).

Non-financial information – Health & Safety

Health

ISAL is concerned about the health of its employees and emphasizes “promoting a healthy lifestyle that provides fulfilment throughout life”. The aim is to build a good and healthy work environment that does not cause occupational diseases and at the same time to encourage employees to take responsibility for their own health, both mental and physical.

Annual monitoring of the working environment with regard to strains due to substances, noise, vibration and strains on the musculoskeletal system is an important step in ensuring a healthy working environment. For health, ISAL has 6 goals that we benchmark ourselves with in employee work environment: Dust, fluorine, beryllium, SO₂, Noise and B(a)p. Where measurements are above our limits, protective measures are in place, e.g. ear protection requirements.

On average, 350 measurements of various aspects of the work environment are carried out annually. The same applies to regular health check-ups where emphasis is placed on monitoring the impact of the work environment on health, e.g. respiratory diseases and hearing loss as well as general health. Every year, on average, 300 employees undergo regular health check-ups performed by a nurse and the Company physician at the ISAL office.

Improvements in the work environment are important, and it is important to keep in mind how improvements can be made so that workload can be reduced.

Safety

Nothing is more important than that employees return home from work healthy and that no work is so important that safety can be sacrificed in its implementation. Dangers in the work environment are systematically identified and ways found to minimize the risk. There are various types of risk analysis, depending on the severity of the consequences. A risk analysis is performed for all work areas, and jobs and it is also part of the preparation of all projects.

Overall safety performance in 2024 was good. We had **no** lost-time injury (LTI) compared to **1** the previous year. First aid incidents were **9**, same as last year. We had one 1 medical treatment incident. Our all-injury frequency rate (AIFR) was **0,26**. The rate of accidents is calculated for every 200,000 working hours and was **0,26** in 2024 (see table below).

ISAL has an active Safety Committee composed of representatives of the Company and employees. The committee is a forum for communication between these parties in matters relating to health and safety.

The Company’s main operational risks have been assessed and contingency and recovery plans prepared for them. The Emergency Management Board is convened in the event of an incident and then works according to appropriate plans. In addition, there are at least two Emergency Management Board drills a year, where a certain risk is highlighted each time. In 2024 a major eruption affecting the electrical system was a priority.

All new employees receive basic health, safety, and environmental training before starting work. Meetings are held monthly which all staff attend, where the main issues concerning health, safety and the environment are discussed. A special ISAL safety report is made regularly. It is accessible to all employees and on ISAL external website. The newest report was published in focus and the main focus is on serious events and incidents caused by hazardous material.

Safety procedures

ISAL’s safety guide is a safety maturity model that was released by Rio Tinto in 2019. The intention is to work according to this model until the year 2025 to improve the Company’s safety culture. The model contains four main elements: the activity of managers in relation to safety issues, risk management, work organization in relation to safety issues, lessons learned and improvements. The model also specifically addresses the risk of fatal accidents, for which a special system called Critical Risk Management (CRM) is used.

Accidents and other safety incidents

All incidents that occur at ISAL, such as accidents, near-accidents and emergencies, are reported, subsequently investigated further and the results used to make appropriate improvements. We learn from the incidents that occur at ISAL, the parent company and outside the Company so that similar incidents can be prevented. Accidents are reported to the relevant bodies, and statistics on accidents and other incidents are kept in accordance with accepted methods. A total of **981** notifications were received concerning health, safety or the environment compared to **785** in 2023. A high rate of notifications is a sign of a strong HSEC maturity.

	2019	2020	2021	2022	2023	2024
Lost time injury	3	1	2	3	1	0
Lost time injury frequency rate*	0,67	0,25	0,52	0,76	0,24	0,26
All injury frequency rate *	0.67	0.25	0.52	0.76	0.24	0,26

* for every 200,000 working hours

Non-financial information – Our people

Our most important resource is qualified, enthusiastic and positive employees who create a safe and desirable workplace where diversity and equality are a guiding principle. We therefore place a lot of importance on having excellent staff and place great emphasis on career development and on-the-job training.

ISAL does not follow a specific HR policy. Our approach is captured by the overarching ISAL policy which covers people, Equal Rights Policy and our Code of Conduct, the Way We work. Work on a specific HR policy is ongoing.

The number of ISAL employees at year-end 2024 was **379 in 377** full time positions. **78,4%** of employees were men and **21,6%** female but nobody was listed a non-binary.

Employee turnover rate was **5,3%** in 2024 compared to **5,7%** in 2023. **30%** of new employees in 2024 were women and **70%** men if summer workers are excluded.

ISAL employees follow the collective wage agreement between ISAL and the relevant trade unions, i.e. Verkalýðsfélagið Hlíð, VM, FIT, Rafiðnaðarsamband Íslands and VR. Specialists and managers have individual agreements that take into account Rio Tinto's salary and performance appraisal system and agreements in the Icelandic labour market. Further details can be found in the Annual Statement by the People & Remuneration Committee Chair in Rio Tinto's annual report that is available on riotinto.com.

In 2021 the company started annual survey on mental health and well-being. A total of 216 answered the survey in 2024. In general employees are happy, feel well and have good communication. However, anxiety is slightly increasing since 2021.

Equal rights

ISAL policy is to create a desirable workplace where diversity and equality are the guiding principles. The policy promotes gender equality, including comparable pay for the same jobs or jobs of equal value. The goal of ISAL's equality and equal pay policy is to establish and maintain equality and equal opportunities for employees so that their experience, knowledge and talents are utilised in the best possible way. ISAL fully complies with laws, rules and collective wage agreements on equality and employment terms for employees. The Company has an active anti-bullying team and expert panel.

The policy has five key pillars:

- **Wage equality:** The same wages and terms are paid for jobs of equal value, taking into account personal factors, so that there is no unexplained wage difference.
- **Vacancies:** We celebrate diversity and vacancies shall be available to all genders. Equal rights views are to be regarded as equivalent to other important views when recruiting for vacancies.
- **Training and education:** Employees shall enjoy the same opportunities for vocational training, retraining and continuing education to increase knowledge and skills due to professional development.
- **Work and family life balance:** Efforts shall be made to create conditions for employees to reconcile the requirements of work and family responsibilities.
- **Bullying and gender-based harassment:** Bullying, gender based, and sexual harassment and violence are not tolerated in the workplace under any circumstances.

Equal pay standard

ISAL is certified according to the equal pay standard ÍST 85: 2012 since 2019. The result of the wage analysis in 2024 was a **-0.23%** unexplained wage difference in favour of women, with a **96,2%** explanatory ratio. ISAL's aim is for the proportion of the lesser represented gender in each job category to be at least 20%.

Training and Education

The average number of training hours per employee in 2024 was **26** compared to **25** the year before. Educational courses, refresher courses and regular training are part and parcel of everyday working life. Organized training and learning takes place all year round. Examples of training focus: management training, first-aid, PowerBi, diversity and pension.

At ISAL, the ISAL School has been in operation since 1998. The goal of the school is to increase value creation and competitive capability, facilitate the implementation of changes and make the workplace more desirable.

A group of **15** finished their education in late 2024 in the Advanced level. A total of **18** students started in early 2025 at the basic level. The number of employees who have graduated from undergraduate studies is **238**. A total of **65** have graduated from secondary studies, and 70% of them are employed today.

Employees can apply for formal grants for studies, on the one hand for university studies alongside work, and on the other hand for vocational studies alongside work. A maximum of 2 grants are awarded per year for university studies and 4 per year for vocational studies.

Non-financial information - Human Rights, Code of Conduct and Data Protection

Policy on social responsibility, ethical standards and human rights

Rio Tinto Iceland's policy sets out that the Company resolves to be a leader in all areas of its operations, to strive for continual improvement and to act in harmony with the environment and society at all times.

Rio Tinto's Communities and Social Performance standard is available on our parent company's website, riotinto.com and frames the requirements the Company sets and works towards as regards social responsibility.

Human rights

Rio Tinto respects and supports the well-being and human rights of all people in the communities where we live and work, including our employees and others. We seek opportunities to support and positively impact human rights. This means that we prioritise people and their rights in all of our decision-making. We expect our partners and the companies we work with to respect internationally recognised human rights. We also expect our suppliers and contractors to respect internationally recognised human rights.

ISAL conducts a dedicated risk assessment and analysis of how our operations may impact human rights, in accordance with internationally recognised standards. This risk assessment is reviewed and updated annually to further support our focus on human rights. More information about Rio Tinto's policies and priorities regarding human rights can be found on the parent company's website [here](#).

Rio Tinto's Business Integrity standard addresses in detail the ethical standards to which the Company adheres and is available on riotinto.com.

The way we Work

Our Code of Conduct is entitled *The Way We Work*. Available in Icelandic at riotinto.is and in English at riotinto.com. Our Code of Conduct sets out how we conduct ourselves in line with our values and standards. It applies to all Rio Tinto staff, as well as consultants, agents, contractors and suppliers working for the Company. We endeavor to ensure these fundamental rules are respected in the companies we work and deal with. The Code of Conduct is presented to all staff and contractors working on the site. The Company has established a special human rights policy based on the parent company's policy on human rights issues. The policy is presented to staff and is part of recruit training. All contractors working on the site need to familiarize themselves with the policy before they can start working on the site. Before working at site, our training system ensures that contractors have understood and acknowledged our requirements.

In 2024, a total of **351** employees underwent special training on the companies code of conduct. Training was both f2f and online.

Equal pay is fundamental to human rights. Our approach to equal pay is found under [People](#).

A total of **115** employees did the newcomers training program, which includes session on Code of Conduct and human rights.

A special Business Integrity workshop and training was held in 2024 with **21** leaders and specialist who have financial authority and could be more exposed to integrity risks.

ISAL also has a Supplier Code of Conduct, which is publicly available on our website both in English and Icelandic. The Supplier Code of Conduct, which draws upon internationally recognized standards and Rio Tinto's The Way We Work. It sets out the expectations of Rio Tinto towards suppliers, their subsidiaries and sub-contractors. We may elect to not work with or cease to work with suppliers who do not meet our expectations. When signing a vendor agreement with Rio Tinto, the vendor commits to our Supplier Code of Conduct.

Rio Tinto Iceland's Data Protection Policy

ISAL endeavors to ensure that the protection of personal data and its processing is in accordance with applicable laws and regulations. The Company's Data Protection Policy provides information on why ISAL collects personal information and how it is handled. This Data Protection Policy is based on Act No. 90/2018 on the Protection of Personal Privacy and Processing of Personal Data. The processing of personal information refers to the action or sequence of operations where personal information is processed. Personal information that ISAL processes can be divided into two categories: employees and job applicants on the one hand, and for external parties, e.g. contractors and customers, on the other hand. Further information on the Company's Data Protection Policy is available on the Company's website.

Non-financial information – Community & Stakeholders

Working in harmony with the environment and community is one of ISAL's priorities. This includes, three-year showing responsibility in the operations, explaining it in detail and giving those who have an interest in our operations the opportunity to get to know it and make comments. ISAL carefully monitors views towards the company and media coverage as it gives good indication on the strength of our Social License. In 2025 ISAL will implement a Rio Tinto initiative to gain further insight into the social licence, called Local voices.

Our key community impact and a social investment is through our partnership with local town sport association ÍBH and the municipality of Hafnarfjörður. We support children's sport and have implemented incentives of gender diversity and instructors' education in the agreement. Over 5000 children benefit annually from this agreement. The total amount provided by ISAL during the agreement period is at least ISK 33 million, or the equivalent of ISK 11 million each year. A new three year agreement was signed at the end of 2024 Several smaller grants were also awarded, the largest to the local volunteering rescue team. All donations are disclosed in Rio Tinto Business integrity register.

The Icelandic Optimism Award is a cultural award that has been awarded annually since 1981. ISAL has been a sponsor of the award since 2000. The President of Iceland has been the patron of the awards from the beginning. Unnsteinnur Manuel Stefánsson received the award in 2024, which is ISK 1.5 million and an inscribed trophy made of aluminium produced in Straumsvík.

Rio Tinto donated USD 1.5 million to the Icelandic Red Cross in April 2024 to support the people and community of Grindavík in Iceland, who had been impacted by months of volcanic eruptions. Since December 2023, a series of volcanic eruptions has left 3,800 people homeless and damaged the community's water and electricity supplies. The Icelandic Red Cross manages the support to the effected people in close collaboration with the Municipality of Grindavík and other affected stakeholders.

Visits to Straumsvík

We emphasize welcoming guests and introducing them to our operation, especially students and other Tier 1 and Tier 2 stakeholders. In 2024 we started targeting students specifically and received **177** such visits. We aim higher in 2025 and have target of 200.

Complaints and suggestions

The Company emphasizes that all our stakeholders can freely provide suggestions, complaints and compliments to the Company. Suggestions can be made on the Company's website, www.riotinto.is, and on the Company's Facebook page. People can also call, and our staff is trained to receive complaints and suggestions. A written procedure is in place on how to handle complaints and great care is taken to ensure the rights of those who file a complaint. In the year 2024, the company received 1 formal complaint but 0 the previous year.

The UN Goals and ISAL

The Company is committed to working in line with the United Nations Sustainable Development Goals. The UN Goals are a guiding principle in our emphases, and we take them into account in the Company's operations, policy formulation and decision-making. Our operations are related to all the UN Goals, to varying degrees. Our analysis of the goals indicated that we have the most impact on Global Goals 4, 5, 7, 8, 9, 12 and 13. This policy was set in 2018, and work has since been done in various projects and emphases in these areas.

Membership of associations

ISAL is a member of various employers' interest groups. We are members of the Confederation of Icelandic Employers (SA that carries out collective wage bargaining on behalf of the Company. Rannveig Rist, General Manager of ISAL, sits on the Board. ISAL is a member of the Federation of Icelandic Industries and Samál, the association of aluminium producers. Rannveig Rist sits on the Board of Samál, and Bjarni Már Gylfason is an alternate board member. We are a member of Samorka, the association of utility companies. Finally, we are founding members of Festa, a knowledge Centre for Sustainability, and member of Stjórnvísir and Green by Business Iceland. Via Rio Tinto, ISAL is a member of the European Aluminum Association.

ISAL Value Chain

The following page explains briefly what the value chain looks like for ISAL. In general, our reporting considers ISAL's place in the value chain, but we consider both what happens upstream and downstream around our operation.

Social risks

ISAL has conducted a special social risk assessment. The assessment is an ongoing process of identifying and evaluating risks arising from the interface between communities and business activities. Risks include both risks to communities, and risks to the business. The risk assessment is managed in Rio Tinto's risk assessment tool.

ISAL Value Chain

Upstream		ISAL operation			Downstream	
Exploration	Anodes production	Alumina unloading	Maintenance	Tapping	Energy transition <ul style="list-style-type: none"> • Electric cars • Windmills • Solar cells 	Recycling
Bauxite Mining	Key raw material: <ul style="list-style-type: none"> • Alumina, • Aluminum fluoride • Magnesium • Silicone • Copper • Timber 	Other material unloading	Anode rodding	Mixing	Various components in housing and lighter and sustainable construction materials	Casting and manufacturing of secondary aluminum
Alumina Refinery	Natural Resources: <ul style="list-style-type: none"> • Electricity • Water • Gas • Oil 	Alumina processing	Electrolysis	Casting	Various machinery	
	Cold metal Machinery and equipment		Internal recycling of alumina, casting	Storage		
	Transport		Water colling and recycling	Export		

Non-financial information - Stakeholders

ISAL continuously evaluates its key stakeholders and their expectations towards the company but also how the Company affects them.

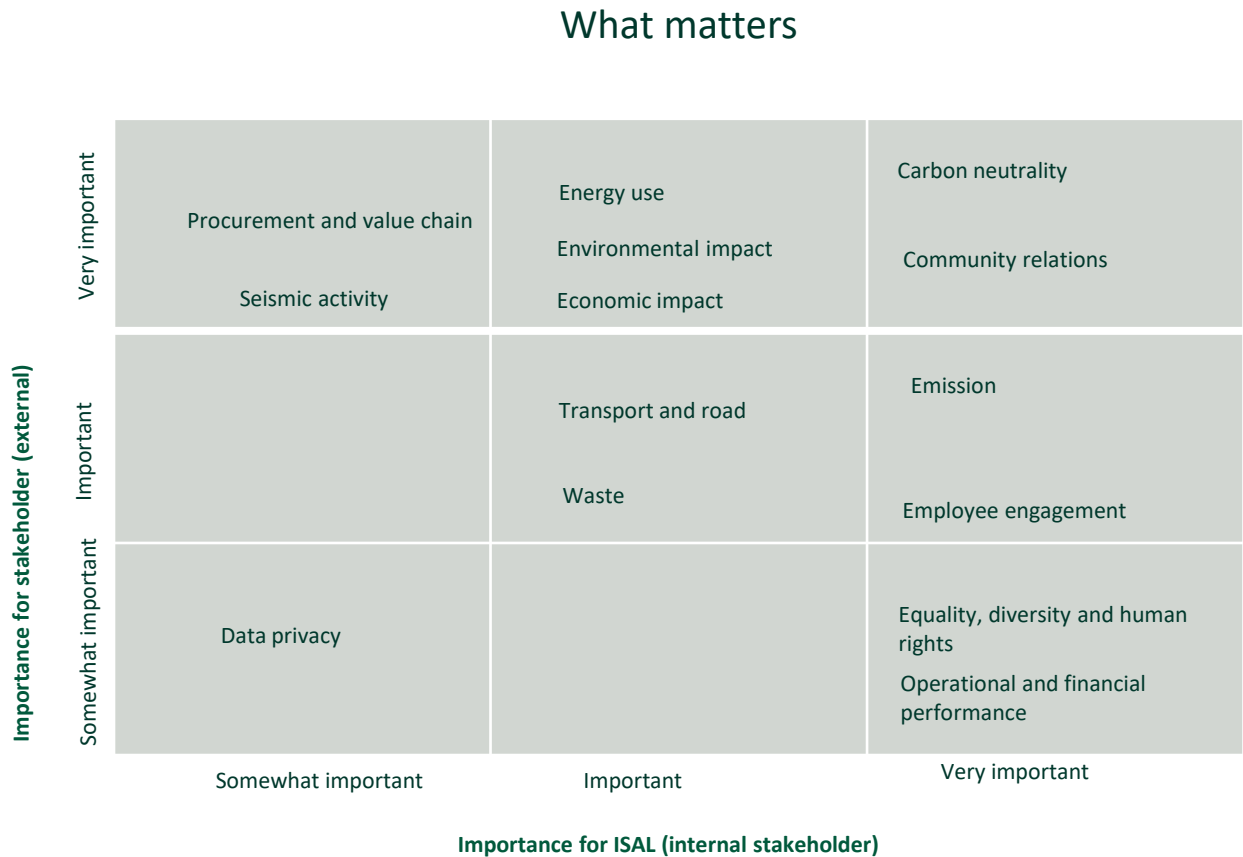
Our communications and engagement plan with stakeholders considers this. Our engagement with stakeholders is aligned accordingly.

Stakeholder	Expectations	Communications	Responsible
Employees	Safe and healthy work environment Collective wage agreements Career development and training Equality and diversity Personal data protection	Continuous	General Manager (GM) Other Managers Internal Comms
Local community	Environmental impact Employment and tax revenue Indirect economic impact	Publication of a sustainability report Suggestions from the community The Company's Facebook page	GM & CSP
Suppliers and contractors	Project status and production Investments and improvements	As often as needed	Procurement
Customers	High-quality products in accordance with the customers' wishes Timely delivery Green metal	As often as needed Supplier assessment Visits	Casthouse
Government	Tax revenue and employment Exports and economic contribution Progress in environmental issues Progress in climate issues	As often as needed	GM, HSEQ, CSP
Owner / Rio Tinto	Financial performance Progress in safety issues Progress in environmental issues Progress in health issues Production	Constant communication with the parent company and regular Board meetings	GM
Landsvirkjun	Electricity use Energy prices Water levels and electricity delivery	Regular communication	GM & Finance
Regulatory authorities	Progress in environmental and safety issues	Regular and formal consultation meetings Inspection reports	GM, HSE & CSP
Employers' Association	Collective wage agreements Competitiveness and economic development	As often as needed	GM & CSP
Other business associations	Corporate social responsibility Dissemination of information and experience	As often as needed	CSP
Media	Transparent information and frank communication	As often as needed	CSP & C

Non-Financial information - Materiality assement

Annually we perform a materiality assessment on what matters for our external stakeholders and compere it with our own internal assessment.

This procedure is performed by a group leaders and specialists within ISAL and approved by our senior leadership.



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RioTinto

Annex B

Taxonomy statement
Rio Tinto á Íslandi ehf. 2024

ISAL statement 2024 on EU Taxonomy for sustainable economic activities

ISAL is a non-financial company. ISAL reports on turnover, CAPEX and OPEX that is associated with Taxonomy eligible, and taxonomy aligned economic activity according to Regulation EU no. (2020/852) and Icelandic law no. 25/2023.

More detailed information on ISAL's approach towards sustainability can be found under chapter on non-financial information and sustainability. Further info on sustainability can be found on our parent's company website, www.riotinto.com/sustainability.

Identifying ISAL's eligible activities

The manufacturing of primary aluminium at ISAL is an eligible and transitional activity according to the EU taxonomy. Our economic activity is associated with NACE code C24.42 according with the statistical classification established by Regulation (EC) No. 1893/26. The technical screening criteria refers to the production of liquid aluminium through electrolysis process of alumina.

ISAL smelter has a reduction facility with potlines and a casthouse, where liquid and remelted aluminium is cast into value added billets that is used for extrusion by the customer. Occasionally, ISAL buys cold metal and adds volume to our own production. The amount varies, depending on market conditions and casthouse capacity.

In order to make a substantial contribution to climate change mitigation, primary aluminium production facilities must meet the technical screening criteria set out in the taxonomy legislation. To be a Taxonomy-aligned activity, the manufacturing of primary aluminium must also comply with the criteria for determining whether that economic activity causes no significant harm to any of the other environmental objectives (Do no significant harm (DNSH) criteria) for aluminium production.

ISAL must also comply with the criteria for processes and outcomes related to human rights, bribery and corruption, taxation and fair competition as set out in the Minimum Safeguards, see page 49.

End-use contribution from ISAL production

Aluminum billets from ISAL contribute to climate change mitigation as constituent parts of technologies, infrastructure and complex products needed in a low-carbon world. Examples are various parts used in the manufacturing of electric vehicles, window frames contributing to energy-efficient buildings, and aluminium frames for solar panels, to name a few. The EU taxonomy does not provide clear guidance on how to define eligibility in the supply chain of taxonomy eligible activities. Therefore, ISAL reports only based on the primary production of aluminum and billets, rather than on end-use of the aluminium we produce.

Determining if eligible activities are aligned with Taxonomy criteria

According to the EU Taxonomy, the manufacturing of primary aluminium needs to meet two of the three criteria:

a) the GHG emissions do not exceed 1,484 tCO₂e per ton of aluminium manufactured:

EU Taxonomy benchmark	CO ₂ eq emission from ISAL / electrolysis process			
	2021	2022	2023	2024
tCO ₂ /t Al	tCO ₂ /t Al	tCO ₂ /t Al	tCO ₂ /t Al	tCO ₂ /t Al
1.484	1,490	1,518	1,530	1,530

ISAL does not meet the CO₂ EU Taxonomy criteria

b) The average carbon intensity for the indirect GHG emissions does not exceed 100g CO₂e/kWh

EU Taxonomy benchmark	Carbon intensity from indirect 2024 (Scope 2)	
	Market based	Location based
gr CO ₂ e/kWh	gr CO ₂ e/kWh	gr CO ₂ e/kWh
100	1,65	8,54*

* In 2023, ISAL reported 0,58 gr CO₂e/kWh which represents Landsvirkjun's Hydropower emission. Following a review of our methods we now report according to Emission guidelines from the Icelandic Environmental agency, 6th edition. The location based emissions is gr CO₂e/kWh 8,54. See [here](#).

Rio Tinto has cancelled 3,23 TWh of GO's from AIB, excluding Iceland. Of this, 83% originates from Wind/Solar and remaining 17% from hydro. Market based scope 2 emission for 2024 is fully abated and is 1,65.

ISAL meets the EU Taxonomy GHG emission criteria for indirect emission

c) the electricity consumption for the manufacturing process does not exceed 15.5 MWh/t Al.

EU Taxonomy benchmark	Electricity Consumption per ton of produced aluminum from electrolysis process			
	2021	2022	2023	2024
MWh/t Al	MWh/t Al	MWh/t Al	MWh/t Al	MWh/t Al
15.5 MWh/t Al	14,16	14,28	14,24	14,32

ISAL meets the electricity consumption EU Taxonomy criteria.

Overall, ISAL meets the two of the three criteria. Our activities are aligned with the EU Taxonomy criteria for 2024.

Do no significant harm criteria

ISAL's operation in Iceland meets the DNSH criteria for all environmental objectives. Overall, they are within normal, lawful operations, comply with emission permits to air and water, have performed environmental impact assessments and taken necessary action required as set out in our operating license.

According to ISAL's operating license issued by the National environmental Agency on October 28th Overall,, our operation is conducted in line with EU Best Available Technique Reference (BAT). The license is publicly available here: <https://ust.is/atvinnulif/mengandi-starfsemi/starfsleyfi/al-kisil-og-kisiljarnver/rio-tinto-straumsvik/>

Climate adaption

ISAL is situated in the Reykjanes peninsula where the annual precipitation is 900 mm. The plant is situated at the sea site with walls protecting the site from strong waves. ISAL uses groundwater but one of the largest groundwater streams in Iceland flows into Straumsvík. No rivers are in the vicinity of ISAL because of porous lava field on the Reykjanes peninsula.

Due to climate change physical risk are on the rise. ISAL has performed a detailed Climate Risk Assessment for the operation. Overall, the risk is estimated low and no need for adaption solution. The main risk factors power availability due to less water in reservoir, sea level rise combined with high tide, extreme rainfall combined with pot failure and building damage caused extreme storm. Several other risks have been identified but are low class risks. The risk will be reevaluated as needed.

Water

ISAL uses a considerable amount of water for cooling. Electrical equipment is, e.g., cooled with water and water is also used for cooling when the aluminium is cast into billets. The water comes from one of the largest groundwater streams in the country, which flows into the sea in Straumsvík. Water from the smelter is treated in two ways before being discharged into the sea. They are regularly monitored and emptied as needed.

The water intake has a negligible effect on the groundwater stream. ISAL's operating license requires monthly sampling of water discharges. The impact to sea water is monitored on a 5-year basis but both monitoring plans and outcome are publicly available on ISAL website.

Further can be found in ISAL Green Accounting. All measurements were well within the limits of the operating license.

Circular Economy

Does not apply

Pollution prevention

To the best of our knowledge ISAL complies with the criteria set out in Appendix C in regulation (EU) 2020/852.

The BAT requirements, Decision (EU) 2016/1032 for the non-ferrous metals industries, have been implemented into the ISAL operating license, which was issued 28th of October 2021.

ISAL operation uses techniques for existing smelters defined in the latest BAT requirement both with regards to electrolysis, casthouse and pollution prevention control. The operation is in full compliance and the emission is under the limits defined in the license.

Biodiversity

ISAL is in an industrial area, which is on a lava field approximately 800 years old. Biodiversity in the area is in general low, according to an Environmental Impact Assessment that was originally made in 2002 but is still fully valid according to the Icelandic Environmental Agency. The assessment evaluates vegetation, wildlife, and marine ecosystem. An annual Vegetation Study is performed and publicly available. Within 4.5km area, the largest impact on biodiversity is emissions.

A survey of mussels, used as an indicator species is conducted every 5 years. The environmental impact assessment also covered environmental, economic and social impacts related to the operation.

The impact of the operation on biodiversity ecosystem services risk was assessed as low with no critical habitat nearby. A new Environmental Monitoring Plan (part of the new operating permit process) has been accepted by the responsible environmental authority and is in place covering air quality monitoring, vegetation, impact assessment on sea water and vegetation measurement. All studies are available to the public.

<https://www.riotinto.is/?PageID=292>

Compliance with criteria for minimum safeguards

ISAL operations are carried out in full compliance with the minimum safeguards as set out in the EU Taxonomy with respect to human rights, bribery and corruption, taxation and fair competition.

Human rights, including workers' rights

Our commitment to human rights is core to our values. It is fundamentally about treating people with dignity and respect – our employees and contractors, workers in our value chain, communities in which we work, and others affected by our activities. We also seek opportunities to promote access to, and positively impact on, human rights. From exploration to closure, respect for human rights starts with our everyday actions.

Our commitment is to respect all internationally recognized human rights.

We conduct human rights assessments to identify salient human rights impacts and prevent human rights risks at our operations and within our value chain. These may include issues such as labour rights, modern slavery, the rights of Indigenous peoples, community health and wellbeing. We work with our business partners to conduct human rights due diligence and communicate our expectation that they adhere to internationally recognized human rights.

We take steps to prevent sourcing minerals from conflict zones and we are transparent about where our minerals come from. We work hard to prevent conflict minerals from entering our value chain.

We engage broadly, including with communities, civil society organizations and others to understand how we may be impacting on human rights.

We recognize the important role human rights defenders play in protecting and promoting human rights. We work with security providers to help maintain safe and secure operations, while respecting human rights.

We are committed to providing access to grievance mechanisms for our workforce, community members affected by our operations, workers in our value chain and others to communicate their concerns. We also commit to regularly review the effectiveness of these mechanisms.

We expect all our employees to treat everyone with dignity and respect, to create a workplace culture we all want and deserve, where human rights are not only respected, but also promoted. Everyone should complete any human rights training assigned to them to ensure familiarity to internationally recognized human rights and know how to respect human rights in daily work. Communicate our human rights expectations to the rest of our workforce, suppliers and other business partners and look out for any red flags. Report and address any potential or actual adverse human rights impacts. Deeper discussion on human rights can also be found in www.riotinto.com/humanrights.

Further discussion on labour rights is in [Annex A](#) under people.

Bribery and corruption

Corruption has significant negative impacts on societies, especially vulnerable groups, and hampers development. It is bad for business, and it can have devastating personal consequences for anyone involved in a bribery or corruption case. Our culture, business practices, processes and systems are key to maintaining our integrity and allowing us to keep our license to operate.

We do not engage in bribery or corruption in any form. We do not offer, pay or accept bribes, no matter where we operate, no matter what the situation is, and no matter who is involved. Nor do we allow our agents, intermediaries or other third parties to do so on our behalf.

We comply with all anti-corruption laws, requiring our employees, contractors and third parties to comply.

We recognise the heightened risks of corruption when dealing with public officials and take appropriate steps to address these.

We never offer facilitation payments or favors when negotiating with governments, public officials or Indigenous peoples' representatives.

When employees or third parties working for Rio Tinto refuse to pay a bribe or to act unethically, they will receive full support, even if it means that we lose business as a result

To ensure compliance, we expect our employees to:

Comply with all anti-corruption laws and adhere to our Business Integrity Standard and Procedure, which provide guidance on how to avoid bribery and corruption. Never offer, give or allow bribes or anything of value which could influence other parties to behave improperly, and never ask for or accept bribes in any form. Understand that special rules apply whenever we, or our representatives, work with government officials and when required seek guidance from Ethics and Compliance on engaging with government officials. Reject all facilitation payment requests unless personal safety is at risk. Report any such requests, solicitations of bribes and suspected or observed cases of corruption to a leader, the Ethics and Compliance team or myVoice.

Our Code of Conduct, the Way We Work is available on our website www.riotinto.is.

Compliance with criteria for minimum safeguards

Taxation

Tax transparency and accountability are key to earning the trust of our stakeholders, acting sustainably, and contributing to beneficial outcomes for the communities where we operate. Our tax payments help build and maintain hospitals, schools and roads, and provide jobs and training opportunities where we work.

We comply with tax laws and apply our internal policies and standards, such as the Group Tax Policy, to ensure transparent and accountable tax practices. • We pay the right amount of tax at the right time.

We are committed to transparent tax reporting and publish an annual Taxes Paid Report setting out our tax and economic contributions.

We disclose the details of our tax payments to governments and ensure our stakeholders are regularly informed about our approach to tax.

Where we access tax incentives offered by government authorities, we do so transparently and in line with the relevant legal requirements.

We actively promote transparent and responsible tax practices and engage with governments, business groups and civil society on initiatives to advance tax transparency.

We expect our employees to adhere to the Group Tax Policy and follow tax legislation and regulations. Immediately report any suspicions of misconduct relating to tax payments.

Refer to our Country-by-country report prepared by our parent company available at:
<https://www.riotinto.com/en/invest/reports/taxes-paid-report>.

Furthermore, our taxes are reported in our [financial statements](#).

Fair competition

We believe free and fair competition creates the best outcomes for everyone, including our business, employees, customers and suppliers, as it encourages us to improve and innovate. Anti-competitive behavior can expose our company and employees to civil and criminal penalties, as well as financial and reputational harm.

We respect all applicable competition (or antitrust) laws. This includes not sharing competitively sensitive information or entering into agreements with our competitors which involve price fixing, limiting output, allocating customers or dividing markets.

We expect our employees not to obtain information unlawfully or communicate false information about our competitors, suppliers or customers.

Everyone should get training on competition law risks and support everyone in making the right decisions. Monitor for anti-competitive behavior and take appropriate steps to address potential breaches

We expect our employees to adhere to our Competition Standard and Guidance Note (employees only) and comply with applicable competition laws. Do not share competitively sensitive information when interacting with competitors or potential competitors. Everyone should seek advice from the Legal team if I have any queries or concerns regarding competition law, or our Competition Standard and Guidance Note. Everyone should complete the competition training required for his or her role. An internal system is in place to ensure training records.

Measuring performance 2024

Turnover KPI

Revenue represents ISAL's total revenue from the sales of aluminum billets and ingots as specified in our Financial Statements. This amount excludes income/loss from other activities as it is not considered eligible activity under the taxonomy. Since ISAL's sole source of revenue for the year 2024 comes entirely from selling aluminum to our customers. All our products contribute to a climate change mitigation and are part of technology, infrastructure and complex products that are needed in a low-carbon world. Therefore, our activities are 99,87% EU Taxonomy eligible.

Turnover in 2024 was \$612,0M. Revenues that are included in the taxonomy is \$611,2M or 99,87%. The difference, \$823.000 is other income than from selling aluminium. Most of other income is from selling scrap for recycling, which fall under C46.77 under the NACE.

CAPEX KPI

CAPEX consists of additions to property, plant, and equipment, represented by the gross amount of purchase, research & development or lease as specified in the financial statements.

CAPEX under EU Taxonomy in 2024 was \$31,2M, thereof \$0,7M in intangible assets.

All CAPEX is type A CAPEX, related directly to the associated Taxonomy aligned activity of ISAL. Type B CAPEX is part of a plan to expand Taxonomy-aligned activity but since our turnover is 100% taxonomy eligible, all CAPEX is type A.

OPEX KPI

OPEX comprises additions to property, plant, and equipment, represented by the gross amount of purchase, development or lease as specified in the financial statements, according to the EU Taxonomy. Majority of the OPEX under the Taxonomy is maintenance cost.

Total OPEX was \$27,8M 2024.

All OPEX included in the Taxonomy statement is Type A, related to the process of producing aluminum that is a fully Taxonomy aligned economic activity.

Turnover – based on 2024 figures in million USD.

				Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")												
Rio Tinto Iceland Straumsvik	C24.42	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5) *	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)			
		In M USD	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T			
A. TAXONOMY-ELIGIBLE ACTIVITIES			100%																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
Manufacture of aluminium		611,168	100%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	100%		T			
			0%	0%	0%	0%	0%	0%	0%								0%					
			0%	0%	0%	0%	0%	0%	0%								0%					
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		611,168	100%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	99,9%	0%	100%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
			0%																			
			0%																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities. C2 42.77		0,823	0%																			
Total (A.1+A.2)		611,99	99,87%																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
Turnover of Taxonomy-non-eligible activities		0,00	0%																			
Total (A+B)		611,99	100%																			

CAPEX – Based on 2024 figures in million USD.

Rio Tinto Iceland Straumsvík	C24.A2	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Taxonomy aligned proportion of total CapEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
		CAPEX in M USD	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			100%																
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of aluminium (CapEx A)		31,229	100%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	100%		T
			0%	0%	0%	0%	0%	0%	0%								0%		
			0%	0%	0%	0%	0%	0%	0%								0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		31,229	100%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	100%	0%	100%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
			0%																
			0%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0,00	0%																
Total (A.1+A.2)		31,229	100%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		0,00	0%																
Total (A+B)		31,229	100%																

OPEX – Based on 2024 figures in million USD.

Rio Tinto Iceland Straumsvík	C24.42	Absolute OPEX (3)	Proportion of OPEX (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Taxonomy aligned proportion of total OpEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
		OPEX in M USD	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			100%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of aluminium (OpEx A)		27,822	100%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	100%		T
			0%	0%	0%	0%	0%	0%	0%								0%		
			0%	0%	0%	0%	0%	0%	0%								0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		27,822	100%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	100%	0%	100%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
			0%																
			0%																
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0,00	0%																
Total (A.1+A.2)		27,82	100%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0,00	0%																
Total (A+B)		27,822	100%																

RioTinto

Annex C

Governance statement 2025

Rio Tinto á Íslandi ehf.



Governance statement 2025 Rio Tinto Iceland Ltd.

This statement is based on the corporate governance guidelines issued by Nasdaq, the SA Confederation of Icelandic Enterprise and the Icelandic [Chamber of Commerce Version 6.0](#).

1. Purpose and mission

The Purpose of the Company is to continuously find better ways to produce high quality aluminum with maximum profitability in conformance to customers' requirements by keeping environmental, safety and health affairs in the forefront. The company has resolved to be a leader in all its operations, to be guided by continual improvements and to always act in harmony with the environment and community. Our future depends on outstanding employees where human rights and equality are a guiding light. We abide entirely by laws and regulations and by Rio Tinto code of conduct, The Way We Work. Our vision is to ensure growth and competitiveness of the company in a sustainable manner and achieve carbon neutrality by 2040.

2. Legislation and Regulations Specifically Governing Rio Tinto Iceland's Governance and Operations

Rio Tinto Iceland's field of operations is extensive and therefore subject to various pieces of legislations. As well as the Master Agreement between ISAL and the Icelandic government, legislation such as the Hygiene and Pollution Prevention Act and the Annual Accounts and Public Limited Companies Act plays a major role.

Our operations require an operating license, and ISAL was issued with an operating license by the Environment Agency of Iceland on 28th of October 2021, which is valid until November 1st 2037. The operating license is accessible on the company's website and on the Environment Agency's website. The Environment Agency also acts as a regulator.

ISAL's quality system includes a specific register of the laws and regulations relevant to our operations, which is reviewed and updated regularly.

3. Other Rules, Criteria and Standards Relevant to Rio Tinto Iceland's Operations

The company has been certified to the following standards that are certified by external auditors: ISO 9001, ISO 14001, ISO 45001 and ASI Version 3.

4. Main Aspects of Internal Control and Risk Management

The company's senior management team, led by the General Manager, is responsible for putting in place an active system of internal control and risk management and ensuring that it is formalized, documented, and verified on a regular basis. The main aims of internal control and risk management in our operations are to give reasonable assurance of satisfactory results and efficiency in our operations, to provide external and internal parties with reliable and legitimate financial information and to comply with the laws and regulations applicable to our operations. The General Managers responsibility is to monitor, analyze and measure the risks facing the company.

Regular assessment of the risks posed by or to our operations with regards to health, safety, security, environment, human rights, community, and operations is performed. These assessments are the responsibility of the respected manager for each of these areas and are approved by the Senior Management. Key business risks, Class III and Class IV, are reviewed quarterly, and changes approved by ISAL's senior management team. Risks are managed in a centralized system within Rio Tinto.

Internal control of financial reporting is designed in such a way as to give reasonable assurance that financial reports comply with recognized financial reporting standards and present no significant shortcomings, e.g. procedural problems, errors.

One of the General Manager's obligations is to maintain an organizational chart clearly specifying the areas of responsibility, the powers of employees and the reporting lines within the company.

As part of the annual management review, the senior management team and relevant leaders participate in a two-day detailed review of all aspects of the company's operations and performance of the previous year.

The external auditor conducts surveys on the effectiveness of internal control in connection with the audit of the company's annual accounts. Certain aspects of internal controls have been regularly inspected in recent years by the internal audit department of Rio Tinto, ISAL's parent company.

Governance statement

5. Appointment of the Board of Directors and Board Members

The Board of Directors of the Company shall consist of five persons elected at the Annual General Meeting for a term of one year. When electing the Board of Directors, the shareholder shall also designate a Chairman from among the Board members.

The Chairman shall convene meetings of the Board of Directors and preside at meetings of the Board of Directors. Meetings shall be held at the discretion of the Chairman. Meetings shall also be held if any member of the Board of Directors, the General Manager, or the Company's auditor so requires.

Directors may participate in Board meetings from distance with the assistance of electronic media and be allowed to exercise there any right available to Directors, including their voting rights.

Decisions at meetings of the Board of Directors shall be taken by majority vote from the Directors present in person, from distance. Proposals fail if votes break even. In case votes break even in elections of persons, the matter shall be referred to the shareholder(s) for decision.

The Board shall keep a Record of Minutes of the proceedings of the board meetings and confirm the minutes with their signature. Signatures of the majority of the Board of Directors will bind the Company. The Board of Directors grants Power of Procuration. The Board of Directors functions in accordance with the Rules of Procedures adopted by the Board from time to time.

Directors of the Board of Directors are:

Christian Charbonneau, Chairman
Katrín Pétursdóttir
Rannveig Rist
Sigurður Þór Ásgeirsson
Patrice Bergeron

The gender ratio on the company's Board is such that 60% are male and 40% female in 2025. Appointments of board members are made based on law nr. 2/1995 which ensures either sex is at least 40% of board members.

Appointments of Board members are based on qualification and with our Equal rights pay policy in mind ([see Annex A](#)).

Governance statement

Further information on board members:

Christian Charbonneau (b. 1968). Joined the board in 2024. Chairman of the Board. Graduate from the University of Montreal Law Faculty (1998) and Montreal's École Polytechnique in Civil Engineering (1991); member of the Quebec Bar and Professional Order of Engineers. Currently Chief Counsel – Aluminium Atlantic with Rio Tinto. Joined Rio Tinto (then Alcan) in 2004 after having occupied various positions in law firms and corporations. Has since providing legal advice on various matters, including ISAL business. No connection with major clients or competitors and not a shareholder of the company.

Katrín Pétursdóttir (b. 1962). Joined the Board in 2011. Graduate in Industrial Operations from the Technical College (Iceland). CEO of Lýsi and Executive Director of a company owned by Lýsi. Board member at Rammi and Akraborg, Árvakur hf. and other smaller companies. No connection with major clients or competitors. Is not a shareholder of the company and is independent from our activities.

Patrice Bergeron (b. 1972). Joined the Board in 2024. A chemical engineer from Laval University. Has more than 29 years of experience in various management positions within Alcan and Rio Tinto. Current occupation : General Manager of Alma Works, Qc, Canada. No connection with major clients or competitors and not a shareholder of the company.

Rannveig Rist (b. 1961). Joined the Board in 2024. She is General Manager of the company since 1997. See further information on Rannveig under [section 9](#).

Sigurður Þór Ásgeirsson (b. 1961). Joined the Board in 2024. A Mechanical Engineer from the University of Iceland, a MSc degree in Industrial Engineering from Stanford University and an AMP Diploma from Reykjavík University. Has extensive work experience within the company since 1987. A Casthouse Manager in 1997, a Finance Manager since 2000 and a deputy General Manager since 2005. No connection with major clients or competitors. Is not a shareholder of the company.

6. Board Activities

Four board meetings were held in 2024, including the Annual General Meeting (AGM). On May 15th, the outgoing board met in Straumsvík. Attendees: Jean Francois Faure, Maria Tournas, Etienne Jacques, Brynjólfur Bjarnason, Katrín Pétursdóttir, Margrét Sanders and Magnús Júlíusson.

On May 15th, the AGM was held. Attendees: Jean Francois Faure (with power of attorney), Etienne Jacques, Maria Tournas, Brynjólfur Bjarnason, Magnús Júlíusson, Margrét Sanders and Katrín Pétursdóttir.

The AGM elected a new board until the next AGM and subsequently the second board meeting of the year was held with the newly elected board. Attendees: Christian Charbonneau, Katrín Pétursdóttir, Rannveig Rist and Sigurður Þór Ásgeirsson. Patrice Bergeron was absent.

The fourth meeting was on November 21st. Attendees: Christian Charbonneau, Patrice Bergeron, Katrín Pétursdóttir, Rannveig Rist and Sigurður Þór Ásgeirsson.

Governance statement

7. Performance Appraisal of the Board and Audit Committee

ISAL’s Board has not conducted a specific performance appraisal of its activities. Performance of the company is set and reviewed at the group level. This creates a set of targets with a focus on collective success. The benchmarking parameters with weights resulting in overall scorecard of 99% for Rio Tinto and ISAL in 2024.



The Board’s Audit Committee is active. The role of the Audit Committee is to review the Annual Financial Statements and ensure that they are in accordance with the law and review the audit plan and internal controls and internal audit. The Audit Committee addresses issues that may arise in connection with the Annual Financial Statements. For the first half of 2024, the Audit Committee members were Herbert Baldursson, Chairman, Jean Francois Faure and Margrét Sanders. They met on May 8th 2024. After the AGM a new Audit committee was elected: Herbert Baldursson, Christian Charbonneau and Katrín Pétursdóttir. They met on November 11th 2024.

The board rules of procedures and sub-committees are available upon request from the GM’s office of the Company.

8. Remuneration Policy

The annual report of our parent company, Rio Tinto Ltd., contains a detailed Remuneration statements by the People & Remuneration Committee chair. The report is publicly available on riotinto.com and is intended to ensure that the people and remuneration policies, frameworks and practices are aligned with the Group’s strategy, objectives, and values. All the principles and policies in the statement apply to ISAL’s staff members and are considered as ISAL’s remuneration policy. Other ISAL’s employees work under the conditions of a general wage agreement (see under people in [Annex A](#)). Our Policy regarding Equal Pay and Equality is also available in Annex A. Since the remuneration of ISAL’s staff members are taken at the group-level, ISAL’s board does not have a Remuneration Committee per se.

Board members compensation

ISAL’s board members are paid an annual compensation in accordance with the decision of the Annual General Meeting.

Governance statement

9. General Manager and Executive Board

Rannveig Rist (b. 1961) is General Manager (GM). She has been the GM since 1997. Holds an MBA degree from the University of San Francisco, an AMP diploma from Reykjavík University, is Mechanical Engineer from the University of Iceland, a craftsman master's degree in mechanical engineering and Level 4 Mechanical Engineering diploma. Prior to joining ISAL in 1990 assuming a management position she worked at the Hydrological institute at the National Energy Authority and was a First Engineer at sea on a sea trawler. She has no connection with major clients or competitors and is not a shareholder of the company. She does not hold a stock option in the company.

The GM is the principal executive point of contact for the company and is generally accountable for ensuring that appropriate business strategies are in place and that these are acted upon according to the priorities established by the Board of Directors as well as the priorities of the parent company Rio Tinto and in a manner that is consistent with accepted and necessary business practices. The GM is responsible for ensuring that the company's strategies are acted upon successfully and that the operation respects Icelandic and international laws. The GM is accountable for the direction of all aspects of the plant operation, including HSEC performance and customer satisfaction.

Rannveig is a board member of Samál, Icelandic Association of Aluminium producers. She is a Board member of Lýsi hf., board member of Klíníkin Ármúla ehf. and is a board member of the Confederation of Icelandic Business (SA). Previously she was a chairman of the board of Síminn hf., board member of Skipti hf., SPRON hf., Jarðboranir hf., HB Grandi hf., Promens hf. and Chamber of Commerce.

Reporting to the General Manager are six managers:

Árni Stefánsson, Casthouse and safety
Guðni Ingólfsson, HEQ and Technology
Einar Aron Einarsson, Electrolysis
Gaukur Garðarsson, Maintenance
Adriana Karolina Pétursdóttir, Human Resources
Sigurður Þór Ásgeirsson, Finance

From June 1st 2025, Sigurður Þór Ásgeirsson will retire and Óskar Arnórsson will become Finance Manager.

Appointments of managers and leaders are based on qualification and with our Equal rights and equal pay policy in mind ([see Annex A](#)).

Annex A also has more detailed organization chart which explains further roles and responsibilities.

10. Convictions or Fines

Under the Master Agreement between Rio Tinto Iceland's parent company and the Icelandic government ratified by the Icelandic Parliament in 1966, ISAL pays fees to the parent company for various types of assistance and consultancy. The Icelandic tax authorities ruled that these arrangements did not comply with new legislation on transfer pricing between related parties as regards the period 2014–2016. In mid-2021 the issue was referred to the State Internal Revenue Board, which upheld the tax authorities' ruling. Since then, ISAL has been working together with its parent company on adapting these payments to bring them into line with the requirements of the tax authorities.

In 2022 the Tax authorities ruled for years 2017 and 2018 that fees paid to the parent company were not considered operational cost even though Rio Tinto had submitted new documents for those years to comply with the ruling from 2021. The new ruling was referred to the State Internal Ruling Board in 2023 who again confirmed the tax authorities ruling. The company has decided to challenge the ruling before the courts and the process is likely to start in 2025.

RioTinto