

**To Norges Bank**

07.01.2019

**Recommendation to revoke the exclusion of Rio Tinto PLC and Rio Tinto Ltd  
from investment by the Government Pension Fund Global (GPF)**

## 1 Introduction

The Council on Ethics recommends that the exclusion of Rio Tinto PLC and Rio Tinto Ltd (collectively referred to as Rio Tinto or the company) from investment by the Government Pension Fund Global (GPF) be revoked. The companies have been excluded since 2008 on the grounds of serious environmental damage caused by operations at the Grasberg mine in Indonesia. On 28 September 2018, Rio Tinto signed a contract to sell all its interests in the mine and disclosed on 21 December 2018 that all formal approvals relating to the sale had been granted. There are therefore no longer any grounds for the companies' continued exclusion.

## 2 Background

In 2008, the Council on Ethics recommended that Rio Tinto be excluded from the GPF because the company was a joint venture partner with Freeport McMoRan Copper & Gold Inc in the Grasberg mine in Indonesia. Operation of the mine results in the dumping of significant quantities of tailings in the local river system, affecting and in some respects destroying large areas of high biological importance.

According to section 5(5) of the Guidelines for Observation and Exclusion from the Government Pension Fund Global (GPF), the Council on Ethics may recommend to Norges Bank that an exclusion be revoked on the basis of new information received.

## 3 Information from the company

Rio Tinto has been engaged in lengthy negotiations with Indonesia's state mining company PT Indonesia Asahan Aluminium (Inalum) for the sale of Rio Tinto's interests in the Grasberg mine. On 28 September 2018, Rio Tinto signed a binding contract "*to sell its entire interest in the Grasberg mine*"<sup>1</sup> to Inalum.

In response to a query by the Council on Ethics, the company emailed the following confirmation: "*I can confirm that once the sale of our interests in the Grasberg mine to Inalum has completed, Rio Tinto will not have any role in the activities or operation of the mine. We expect completion to occur in the first half of 2019, subject to receipt of regulatory approvals.*"

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<sup>1</sup> See the company's press release: [http://www.riotinto.com/media/media-releases-237\\_26148.aspx](http://www.riotinto.com/media/media-releases-237_26148.aspx)

## **4 The Council's assessment**

On the basis of the information above, the Council on Ethics considers that there are no longer any grounds for maintaining Rio Tinto's exclusion from the GPFG.

## **5 Recommendation**

The Council on Ethics recommends that the exclusion of Rio Tinto PLC and Rio Tinto Ltd from investment by the Government Pension Fund Global (GPFG) be revoked.

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Johan H. Andresen Chair	Hans Christian Bugge	Cecilie Hellestveit	Trude Myklebust	Brit K. S. Rugland
(Sign.)	(Sign.)	(Sign.)	(Sign.)	(Sign.)