Rio Tinto due diligence report[1]

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[1] This Report has been prepared for IUCN by Emma Duncan on commission from the Business and Biodiversity Programme

I Company Information

A. Company analysis

Overview

Rio Tinto Group (hereafter called Rio Tinto or the Group) is one of the world's largest mining companies, and is active in exploration, mining, and processing of mineral resources. The Group comprises Rio Tinto plc (based in London, UK) and Rio Tinto Limited (based in Melbourne, Australia), and operates through wholly owned subsidiaries, partly owned subsidiaries, and joint venture operations that it may or may not manage. All subsidiaries are independently managed, separate, and distinct entities.

In 2005, the Group comprised 30 managed businesses which controlled 57 active mining operations, five smelters/refineries remote from operations, 19 other operations (including rail, port, power generation, plant, mill, loading/packing facilities and land development), seven development projects, five exploration regions, and 19 closed operations[2].

North America and Australia each account for about 40% of the Group's assets, and there are significant businesses in South America, Asia, Europe, and southern Africa. Overall, Rio Tinto has activities in more than 40 countries, employs 32,000 people, and owns operating assets worth about $16 billion on five continents and covering over 22,000km^2 of land. The Group's strategy is to invest in large, long life, and cost competitive mines.

Goal

"… to maximize the overall return to shareholders by operating responsibly and sustainably in finding, mining, and processing minerals."

Focus

Rio Tinto's principal products are aluminium, diamonds, copper, gold, coal, uranium, industrial minerals (borax, titanium dioxide, salt, talc, and zircon), and iron ore. It is the world's largest supplier of borates, talc, and titanium dioxide feedstock; the second-largest producer of iron ore and zircon; the third-largest supplier of diamonds and uranium; and the fourth-largest supplier of copper, with significant market share for its other products as well[3].

Prospects

Net earnings in 2005 were US$5,215 million, up 158% from 2004 due to historic price peaks for several key products driven by high demand from China and strong economic conditions in the US and Japan. Rio Tinto says that short-term demand for metal and mineral products remains strong, and that it continues to invest in assets as well as explore new opportunities. It believes its "low-cost, long-life asset" approach will buffer any weakening of the cyclical resource market.

[2] http://www.riotinto.com/SustainableReview/home.aspx
[3] Rio Tinto (2006) *World Leader* fact sheet

Current mining and refinery operations and collaborators[4]

Subsidiary and operation(s)	%	Location	Partner(s)/ Significant joint owner(s)	Product(s)
Anglesey Aluminium Metal Ltd.	51	UK	Kaiser Aluminum & Chemical Corporation	Aluminium
Argyle Diamonds Australia	100	Australia		Diamonds
Barneys Canyon US	100	US		Gold
Coal & Allied Industries	76	Australia		
- Bengalla Joint Venture	40	Australia	CAN Bengalla Investments Pty Ltd., Wesfarmers Bengalla Limited, Taipower Bengalla Pty Limited, Mitsui Bengalla Investments Pty Ltd., Bengalla Mining Company Pty Ltd.	Coal
- Hunter Valley Operations	100	Australia		Coal
- Mount Thorley Operations	80	Australia	POSCO Australia Pty Ltd.	Coal
- Warkworth Joint Venture	55	Australia	CAN Resources Limited, CAN Warkworth Australasia Pty Ltd., Mitsubishi Development Pty Ltd., Nippon Steel Australia Pty Ltd., Mitsubishi (Australia) Pty Ltd., Warkworth Mining Limited	Coal
Comalco Ltd.	100	Aus/NZ/Eur		
- Bell Bay smelter	100	Australia		Aluminium
- Boyne Island smelter	59	Australia		Aluminium
- Comalco Alumina Refinery	100	Australia		Alumina
- Eurallumina refinery	56	Italy		Aluminium
- Queensland Alumina refinery	39	Australia		Alumina
- Tiwai Point smelter	79	New Zealand		Aluminium
- Weipa bauxite mine	100	Australia		Bauxite
Dampier Salt Ltd.	65	Australia	Marubeni Corporation, Sojitz Corporation, Itochu Corporation	
- Dampier Operation	65	Australia		Salt
- Lake MacLeod Operation	65	Australia		Salt/Gypsum
- Port Hedland Operation	?	Australia		Salt
Diavik Diamonds Inc.	60	Canada	Aber Diamond Limited Partnership	Diamonds
Energy Resources of Australia	68	Australia		Uranium

[4] http://www.riotinto.com/aboutus/keyData.aspx and websites provided therein; accessed 7 December 2006. Note that it is very likely that this list has since been updated, with the launch of a new corporate website after this list was compiled – see http://www.riotinto.com/whatweproduce/218_group_operations.asp for the current list

Escondida Chile	30	Chile	BHP Ltd; Mitsubishi-led Japanese consortium; International Finance Corporation	Copper/Gold
Grasberg joint venture	40	Indonesia	PT Freeport Indonesia (91% owned subsidiary of Freeport-McMoRan Copper & Gold Inc)	Copper/Gold/ Silver
Hamersley Iron	100	Australia		
- Brockman/Nammuldi	100	Australia		Iron ore
- Eastern Range	54	Australia	Shanghai Baosteel Group Corporation	Iron ore
- Marandoo	100	Australia		Iron ore
- Mount Tom Price	100	Australia		Iron ore
- Paraburdoo/Channar	60	Australia	Subsidiary of China Iron & Steel Industry and Trade Group Corporation	Iron ore
- Yandicoogina	100	Australia		Iron ore
Iron Ore Company of Canada	59	Canada	Mitsubishi Corporation, Labrador Iron Ore Royalty Income Fund	Iron ore
Kelian Equatorial Mining	90	Indonesia	Currently being closed	Gold
Kennecott Minerals Company	100	US		
- Cortez/Pipeline	40	US	Placer Dome U.S.	Gold
- Greens Creek	70	US	Hecla Mining Company	Silver
- Rawhide	51	US	Dayton Mining (U.S.), Inc	Gold
Kennecott Utah Copper	100	US		
- Bingham Canyon	100	US		Gold/Molyb-denum/Silver
- Kennecott smelter and refinery	100	US		Copper/Gold/ Silver
Luzenac	100	US/Canada		
- Ludlow	100	US		Talc
- Talc de Luzenac	99	Europe		Talc
- Three Springs	100	Australia		Talc
- Yellowstone	100	US		Talc
Mineracao Corumbaense Reunida (Corumbá)	100	Brazil		Iron ore
Murowa Zimbabwe	78	Zimbabwe		Diamonds
Northparkes Australia	80	Australia	Sumitomo Group	Gold
Palabora Mining Company	49	South Africa		Copper
QIT Madagascar Minerals	80	Madagascar	Government of Madagascar	Titanium dioxide
Resolution (project)	55	US	BHP Billiton Base Metals	Copper

Rio Colorado Potash (Potasio Rio Colorado S.A.)	0	Argentina	*Rio Tinto likely to soon have 100% ownership*	Potash
Rio Tinto Borax	100	US		
- Borax Argentina, S.A (mines in Tincalayu, Sijes, and Porvenir; refinery facilities in Campo Quijano)	100	Argentina		Borates
- Borax Français	100	France		Borates
- Boron Operations	100	US		Borates
- Owens Lake Operations	100	US		Trona
Rio Tinto Coal Australia	100	Australia		
- Blair Athol Mine	57	Australia	Leichhardt Coal Pty Ltd. (owned by UniSuper, Rio Tinto, and J-Power), EPDC (Australia) Pty Ltd., JCD Australia Pty Ltd.	Coal
- Hail Creek Mine	82	Australia	Marubeni Coal, Sumisho Coal Development, Nippon Steel Corporation	Coal
- Kestrel Mine	80	Australia	Mitsui Kestrel Coal Investment Pty Ltd	Coal
- Tarong Mine	100	Australia		Coal
- Clermont coal mine project	50	Australia		Coal
- Kunioon deposit	100	Australia	Tarong Energy Corporation	Coal
Rio Tinto Energy America (formerly Kennecott Energy Company)	100	US		
- Antelope Mine	100	US		Coal
- Colowyo Mine	20	US	?	Coal
- Cordero Rojo Mine	100	US		Coal
- Decker Coal	50	US	Level 3 Communication	Coal
- Jacobs Ranch Mine	100	US		Coal
- Spring Creek Mine	100	US		Coal
Rio Tinto Iron & Titanium	100	Canada		
- QIT-Fer et Titane Lac Allard	100	Canada		Titanium dioxide
- QIT-Fer et Titane Sorel	100	Canada		Titanium dioxide
- Richards Bay Minerals	50	South Africa	BHP Billiton Limited	Titanium dioxide
Robe River	53	Australia	Mitsui, Sumitomo Metal Industries, Nippon Steel Corporation	
- Pannawonica (Robe Valley)	53	Australia		Iron ore
- West Angelas	53	Australia		Iron ore

Rössing Uranium Ltd.	69	Namibia	Namibian Government, Government of Iran, Industrial Development Corporation of South Africa	Uranium

Culture and values

Rio Tinto Group runs on a model of decentralized businesses with strong local management accountability. However, there is a centralized set of corporate policies that all business are expected to follow, which includes sustainable development policies (described in the publication *The way we work*; see section II below). The Group has also embarked on integrating sustainable development concepts into their business.

Communications material repeatedly refers to the need for good social and environmental responsibility. The Group states that “wherever Rio Tinto operates, the health and safety of our employees is our first priority. We seek to contribute to sustainable development. We work as closely as possible with our host countries and communities, respecting their laws and customs. We minimize adverse effects and strive to improve every aspect of our performance. We employ local people at all levels and ensure fair and equitable transfer of benefits and enhancement of opportunities.”

NGO and community partnerships

Rio Tinto Group recognizes that it cannot meet all of its CSR commitments (see section II) alone, due to a lack of appropriate skills and remit. As part of its stakeholder engagement process, the Group partners with community, environmental, educational, and indigenous NGOs to address issues of mutual interest and concern. The Rio Tinto Partnership Programme currently involves:

- Australian Museum
- Australian National University
- Australian Science Innovations
- BirdLife International*
- Birds Australia
- Centre for Appropriate Technology (Australia)
- Conservation Volunteers Australia*
- Deakin University Corporate Citizenship Research Unit (Australia)
- Dundee University Centre for Petroleum, Energy and Mineral Law and Policy (UK)
- Earthwatch Institute*
- Eden Project (UK)
- Fauna and Flora International*
- Indigenous Community Volunteers (Australia)
- Mitchell Library (Australia)
- Napranum Preschool Parents and Learning Group (Australia)
- Royal Botanic Gardens, Kew (UK)*
- United Nations Environment Programme - World Conservation Monitoring Centre (UNEP-WCMC)

- WWF-Australia*
- The Rio Tinto Foundation for a Sustainable Minerals Industry

* denotes an IUCN Member

Rio Tinto also engages with communities through 22 trusts, funds, and foundations which develop and implement programmes covering issues such as health, education, community, social, and economic development. Some have independent legal status, some have a national mandate (such as the Rössing Foundation in Namibia and the Rio Tinto Aboriginal Foundation in Australia), and others have a state or regional focus. Rio Tinto funds are typically governed jointly by community and company representatives, although in some cases programmes are entirely managed by Rio Tinto.

The trusts, funds, and foundations include[5]:

- **Rio Tinto Aboriginal Fund (Australia):** Established in 1996; establishes and supports programmes that build status and capacity in communities; operates independently of Rio Tinto; board members comprise Aboriginal community members and current or former Rio Tinto executives; www.aboriginalfund.riotinto.com/foundation.aspx?ID=1
- **Rio Tinto Foundation for a Sustainable Minerals Industry (Australia):** An agreement with the Australian Government that manages research and technical progress on sustainable development issues
- **Rio Tinto Community Investment WA (Australia):** Supports a wide range of programmes across the Western Australia, in partnerships with the public, private, and community organizations which aim to build a stronger and more sustainable community (see www.ciwa.riotinto.com/Programs.aspx#, follow “BIG picture” link for list of partnerships)
- **Rio Tinto WA Future Fund (Australia):** Launched in 2001; supports the Western Australian community through environmental, social, and economic initiatives; management committee comprises senior Rio Tinto representatives and high profile community representatives; staffed by two full-time Rio Tinto employees; forms partnerships with other organizations (see www.ciwa.riotinto.com/Programs.aspx#, follow “BIG picture” link for list of partnerships)
- **Rio Tinto Iron Ore Community Partnerships Programme (Australia):** Aims to support a stronger, more sustainable community through partnerships with community, government and non-government organizations in the Pilbara region of Western Australia; managed by Rio Tinto Iron Ore; www.ciwa.riotinto.com/ProgramsSub.aspx?ProgramID=12
- **Blair Athol Mine Community Development Fund (Australia):** Launched in 2003; works with community partners on economic development, employment and training projects; a key component of the mine’s closure strategy in helping to assist the community move to a more sustainable future
- **Coal & Allied Community Trust (Australia):** Launched in 1999; identifies and supports initiatives that assist local communities in the Upper Hunter region of New South Wales meet economic, educational, social, and environmental challenges; administered by Coal & Allied representatives and community representatives
- **Comalco Community Fund (Australia):** Established in 2002; fosters development of a skilled and diverse workforce in the local community, contributes to sustainable

[5] http://www.riotinto.com/ourapproach/6010_trusts.asp; Rio Tinto (2005) *Business with Communities* brochure

development opportunities, and promotes programmes and initiatives to improve the quality of the local environment of the Gladstone region, Queensland; advisory board comprises community representatives and Comalco senior managers

- **Kennecott Utah Copper Visitors Centre Foundation (US):** Entrance fees to the visitor centre overlooking the mine are donated to charitable causes in Salt Lake City
- **Kestrel Mine Community Development Fund (Australia):** Established in 2003; helps communities in the Peak Downs and Emerald Shires of Queensland meet economic, educational, and social challenges; fund management committee comprises community representatives and Kestrel employees
- **Palabora Foundation (South Africa):** Established in 1986; sustainable development arm of the Palabora copper mine; manages programmes in partnership with provincial and local government, local companies, NGOs, and communities; independent charitable institution mainly supported by the Palabora Mining Company
- **Rössing Foundation (Namibia):** Established in 1978; operates community and economic development programmes in the region of the Rössing uranium mine; independent NGO funded by Rössing uranium mine, but also manages a number of projects on behalf of other NGOs and foreign aid institutions
- **Tarong Mine Community Development Fund (Australia):** Established in 1999; finances projects that enhance skills, reduce unemployment, and diversify industry in the South Burnett region of Queensland; community representatives and Tarong employees jointly assess applications for support from community groups and local organizations

B. Competitor analysis

Key competitors

Rio Tinto's immediate competitors in terms of scale and similarity in base metal portfolio are BHP Billiton and Anglo American. However, it should be noted that the former includes a big oil sector, and the latter a big forestry sector. Other mining companies also compete with Rio Tinto for particular products.

Company	Country	Main product(s)
Major competitors		
Anglo American	UK	diversified
BHP Billiton	Australia	diversified
Other competitors		
Alcan	Canada	aluminium
Alcoa	US	aluminium
Almazy Rossii Sakha	Russia	diamonds
Barrick Gold	Canada	gold
Codelco	Chile	copper
De Beers	South Africa	diamonds
Freeport McMoran	USA	copper, gold
Grupo Industrial Minera	Mexico	diversified
Newmont Mining	US	gold
Norilsk Nickel	Russia	nickel
Phelps Dodge	US	copper, molybdenum
Vale do Rio Doce (CVRD)	Brazil	iron ore, copper

Source: www.metso.com, www.hoovers.com, http://www.ferret.com.au/articles/d8/0c0062d8.asp
Note: there are likely to be other competitors not included here

Market position

Different sources variously call Rio Tinto the world's "biggest", "second-biggest", or "third-biggest" mining company. A recent article[6] refers to BHP Billiton as "the world's biggest mining company by market value and production" and Rio Tinto "the second-biggest by market value and third by production".

Company	Income (last 12 months)	Market capitalization (18 Jan 2007)	Mining market share (2000)
BHP Billiton	US$10.5 billion	US$114.39 billion	4.5%
Rio Tinto	US$6.8 billion	US$65.97 billion	6.1%
Anglo American	US$4.6 billion	US$70.11 billion	7.6%

Source: http://moneycentral.msn.com/home.asp, http://www.ferret.com.au/articles/d8/0c0062d8.asp

Sustainability and social performance: presence in international indices and funds

Index/Fund	Rio Tinto	Anglo American	BHP Billiton
DJSI World	Yes	No*	Yes
DJSI STOXX	Yes	Yes	Yes
FTSE4GOOD	No	No	No
Domini 400 Social Index	No	No	No
Winslow Green Fund	No	No	No

Source: http://www.sustainable-investment.org

* Anglo Platinum is present however

Note: the Calvert Social Index is for US companies only, so is not applicable to these companies

Sustainability, social, and corporate performance: other indicators

Indicator	Rio Tinto	Anglo American	BHP Billiton
Participant in UN Global Compact	Yes	Yes	Yes
Ranking in 2006 Survey of Corporate Sustainability Reporting[1]	17[2] (equal 3rd in industry group)	17[3] (equal 3rd in industry group)	12 (2nd in industry group)
Reports to Global Reporting Initiative (GRI) standards	Yes	Yes	Yes
Certified environmental management system	Yes[4]	Yes[5]	Yes[6]

[1] http://www.sustainability.com/downloads_public/insight_reports/tomorrowsvalue.pdf

[2] Rio Tinto noted for being a leader in management of stakeholder engagement, with stakeholder engagement being a key component of its Closure Standard. It was also commended for publishing its sustainability report in 21 languages.

3 Anglo Platinum ranked 4th, and was first for the industry group

[4] By the end of 2005, 90% of operations had certified ISO 14001 or an equivalent environmental management system

[5] In 2005, more than 88% of the Group's operations (measured by turnover) were certified to third party environmental management systems – either ISO 14001 or the Forest Stewardship Council

[6] http://www.bloomberg.com/apps/news?pid=20601087&sid=aidR.Wg_h.UQ&refer=home

[6] In 2005, 98% of sites requiring ISO 14001 were certified or had been recommended for certification by their ISO auditor

Sustainability and social performance: ICMM view

According to Andrew Parsons from ICMM, Rio Tinto and Anglo American are both extremely active within ICMM, with BHP Billiton a little less so.

He believes the environmental, sustainable development, and social policies and performance of all three are good, with Rio Tinto ahead on environmental issues and Anglo American ahead on social issues.

II CSR Information

A. General

Rio Tinto has made public commitments to corporate and social responsibility as well as sustainable development. These are explained prominently on the company website and in corporate publications, and repeated in various presentations by high-level executives within the group (see the World Business Council for Sustainable Development website for transcripts of such presentations).

B. Sustainable development policies and strategies

Corporate policies for sustainable development have been developed that set minimum standards for nine areas: communities, employment, environment, human rights, land access, occupational health, political involvement, safety, and sustainable development. These policies are outlined in the corporate publication *The way we work* (first published in 1998 and revised in 2002; available in 21 languages), and should be implemented into all Group businesses. Standards and guidance for implementation are also provided.

The standards apply to all operations, no matter what stage of development (design, construction, operation, rehabilitation, closure). They also cover all activities (exploration, mining, processing, smelting, refining, and transport) and their life cycle (natural resources and other inputs, processes, wastes and various outputs). However, there is recognition that at least in some areas, implementation of policies will be easier for projects being developed than in operations that are already running.

Rio Tinto also has group-wide strategies for biodiversity, water management, product stewardship (lifecycle assessment and how the Group can influence better use of products), HIV/AIDS, and safety, as well some in development, including mineral waste management and climate change (see section G. “Environmental performance” below for further information on the biodiversity, water management, and climate change strategies). However, at least some of the details of how the aims outlined in these strategies will be achieved are still under development.

In 2004, a Sustainable Development Leadership Panel of senior executives was formed, which in 2005 developed a set of decision-making criteria to help the Group’s businesses and departments incorporate sustainable development considerations into their formal and informal management systems.

C. Voluntary codes and initiatives

The Group has been or is involved in a number of voluntary codes and initiatives aimed at responsible mining practices and sustainable development. These include the Global Mining Initiative (GMI), the International Business Leaders Forum (IBLF), Transparency International (TI), the UN Global Compact, various ICMM initiatives, and the Global Reporting Initiative. The Group also supports the Universal Declaration of Human Rights and has adopted and supports the Global Sullivan Principles, the UK/US Voluntary Principles on Security and Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, and the Kimberley Process. Other voluntary codes and initiatives endorsed by Rio Tinto with respect to gold mining are listed at http://www.responsiblegold.org/codes.asp.

D. Policy implementation

Rio Tinto has assurance tools in place to monitor implementation of and compliance with its corporate policies and standards, and seems to be developing these further.

One tool is an internal, corporate-driven auditing of businesses every 2 years for implementation of the company's minimal health, safety and environment standards. The Group is looking at 3rd party verification of implementation.

Another assurance tool is a medium- to long-term review of strategic risks for individual businesses that occurs every 4 years (starting from before construction in some cases (big, significant projects), and going through to closure) which would identify systemic and management problems that would affect compliance with standards and strategies.

All assurance reports and any incidents (health, safety, environment, etc) are consolidated every 6 months and reviewed by a committee of the board and the chief executive. This provides a process by which any problems at operations are brought to a high level and require dealing with at a high level. The process was recently strengthened by the creation of a Head of Assurance position.

The chief executive is accountable for the Group's social and environmental results.

E. Occupational health and safety

The Group has defined targets for improving employee health and safety, including zero fatalities in the workplace and reduced new cases of occupational illness. The 2005 *Sustainable development review* clearly indicates where targets are not being met. This includes documenting two fatalities at managed operations in 2005. Overall, the Group reports that its safety record has improved year-on-year from 1999-2005.

F. Stakeholder engagement

Rio Tinto states that it believes active civil society engagement - the stakeholder approach - is fundamental to the success of the business. The Group undertakes cross-sector engagement with various groups, including local communities and organizations, NGOs, and academic organizations (see section I, part A "NGO and community partnerships" for further information). The Group also recognizes the importance of relationships with the media, its investors, government and political bodies, employees, customers, and suppliers.

Local communities

All Rio Tinto managed activities, projects, and businesses are required to develop locally designed community relations programmes that include long-term plans, baseline community assessments, consultation procedures, community assistance and cultural heritage programmes. Five year communities plans were introduced in 1997 as a requirement for implementation of the Group's Communities policy, which seek to ensure that at each stage of the mining cycle, from exploration to closure, programmes are in place to ensure that communities know and understand the operation and that, broadly speaking, Rio Tinto's presence is supported.

An internal assurance mechanism to assess the health of relationships with communities is currently being launched across the Group to ensure businesses are implementing Rio Tinto's Communities policy and Communities standard. The Group's 22 trusts, funds, and foundations (see section I, part A "NGO and community partnerships" above) also work with local communities.

G. Environmental performance

Rio Tinto states that for each stage of the mining cycle (including exploration, construction, operation, and closure, as well as part of acquisition and divestment) it aims to manage environmental risks, comply with legislation and internal standards, and mitigate the effects that its activities have on the environment. It also states that "wherever possible, we prevent, or otherwise minimize, mitigate and remediate, harmful effects of the Group's operations on the environment."

The Group has developed a set of environment standards, which all businesses were required to comply with by June 2005. The standards cover management aspects such as the environmental management system, environmental aspect and impact assessment, and reporting and data quality, as well as performance aspects such as handling of mineral and non-mineral waste, hazardous material and contamination control, air quality, noise and vibration control, land use stewardship, control of acid rock drainage, greenhouse gas emissions, water use, and general quality control.

The Group has defined targets for improving environmental performance, including a 10% reduction in freshwater withdrawn per tonne of product between 2003 and 2008; 5% reduction in energy used per tonne of product between 2003 and 2008; a 4% reduction in total greenhouse gas emissions per tonne of product between 2003 and 2008; and zero significant spills. The 2005 *Sustainable development review* clearly indicates where these targets are and are not being met. This includes documenting two significant spills in 2005. Overall, the Group reports that progress was made against all environmental targets in 2005, although greenhouse gas efficiency, significant spills, and full implementation of environmental standards are lagging behind the targeted timeline.

Climate change

Rio Tinto started a climate change programme in 2000, which undertakes work to build support for government action, develop low-emission pathways for products, and reducing emissions from operations. The latter includes progressive targets to reduce greenhouse gas emissions per unit of production (either through direct reductions or by offsets; see above); undertaking and encouraging research and development projects designed to reduce

greenhouse gas emissions from operations and from the use of products; and working with customers and suppliers to reduce greenhouse gas emissions. The Group is also working to improve energy efficiency.

One review[7] questioned whether the Group is actively pursuing the use of alternative sources of energy at any of its smelters, given that smelting is an energy intensive process.

Biodiversity

In 2003, Rio Tinto developed a biodiversity strategy in collaboration with conservation and social groups, as well as a position statement, a set of biodiversity principles, and a technical guidance document.

The biodiversity position statement includes a commitment to "the prevention, minimization and mitigation of biodiversity risks throughout the business cycle" as well as recognition that "this may mean that [the Group does] not proceed in some cases". The principles include an aim to have a net positive effect on biodiversity and a commitment to the conservation of threatened and endemic species and high priority conservation areas. More information is available at http://72.32.117.51/documents/Eng_BiodiversityStrategy.pdf

Water management

In 2005, Rio Tinto released a global water strategy developed in collaboration with external groups to improve operational water management. A water standard and water targets (see above) are being implemented in operations, and a water diagnostic tool has been developed to help understand the cultural, social, economic, and environmental risks and opportunities for water. The tool focuses on water supply, discharge quality, cost and community engagement, and has been applied at 15 operational sites[8].

H. Communication on CSR policy and achievements

Rio Tinto's CSR policies and achievements are explained prominently on the company website and in corporate publications. The 2005 Annual Review includes a detailed description of corporate governance.

I. Reporting on performance in sustainable development

Rio Tinto has published an annual review of its social and environmental performance since 1996. The 2005 *Sustainable development review* measures the businesses' performance against the policies outlined in *The way we work* as well as against the three pillars of sustainable development: social, environmental, and economic. The review is available as a pdf summary[9] as well as through a more detailed dedicated website[10]. An independent consulting firm, Environmental Resources Management (ERM), conducted a joint external assurance and data verification exercise for the review. In addition, all Group businesses produce their own local social and environment annual reports.

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[7] Ecumenical Council for Corporate Responsibility (2006) *Rio Tinto – Revisiting the Principles: A Decade of Corporate Responsibility Reviewed*

[8] http://www.wbcsd.org/DocRoot/21ubIKEh4bF0xAOrECpZ/Business%20and%20Ecosystems_211106_final.pdf
[9] http://www.riotinto.com/library/reports/PDFs/2005_susDevReview.pdf
[10] http://www.riotinto.com/SustainableReview/default.aspx

J. Positive external views of Rio Tinto's CSR policies and reports11

- 2005 *Sustainable development review*[12]
  - Outstanding transparency
  - Clear commitment to continuous improvement, with 2003-2008 targets for health, safety, and environment
  - Disclosure of positive and negative performance

- Equal 17th (equal 3rd in the mining sector) of 50 companies in the 2006 Survey of Corporate Sustainability Reporting[13], behind Anglo Platinum (4th overall; 1st in the mining sector) and BHP Billiton (12th overall; 2nd in the mining sector) and tying with Anglo American. No other mining companies were in the top 50.

- Noted for being a leader in management of stakeholder engagement[14]

K. Negative external views of Rio Tinto's CSR policies and reports15

- 2005 *Sustainable development review*[16]
  - No mention of the problems associated with the diamond industry, such as conflict diamonds
  - No information provided on ethical supply chain management
  - Not enough information given on community dependency and impacts of site closures
  - Little information provided on systematic engagement with key stakeholders such as employees, customers, and suppliers
  - Omission of policies and performance regarding bribery, corruption and facilitating payments

- Subsidiary sustainable development reports[17]
  - Quality and usefulness varies considerably
  - Questioned as to whether or not guidelines or minimum standards exist as to what should be included within local reports

- *The way we work*[18]
  - Not based on well-recognized and/or legally binding international treaties, conventions, and guidelines (1998 edition: note that Rio Tinto says that the revised 2002 edition incorporates specific references to a number of points emerging from the UK/US Voluntary Principles on Security and Human Rights)

[11] Views of interviewed stakeholders not included here
[12] http://www.maplecroft.com/pdf/rio_tinto2005.pdf
[13] http://www.sustainability.com/downloads_public/insight_reports/tomorrowsvalue.pdf
[14] http://www.sustainability.com/downloads_public/insight_reports/tomorrowsvalue.pdf
[15] Views of interviewed stakeholders not included here
[16] http://www.maplecroft.com/pdf/rio_tinto2005.pdf
[17] Ecumenical Council for Corporate Responsibility (2006) *Rio Tinto – Revisiting the Principles: A Decade of Corporate Responsibility Reviewed*
[18] International Federation of Chemical, Energy, Mine and General Workers Unions (referring to 1998 edition); quoted at http://www.columban.com/amatter.htm

III Media and stakeholder analysis

A. General internet queries

Most general internet query results focus on general Rio Tinto business activities, including financial data, earnings, share price, and general business dealings.

While there were positive press stories with regards to environmental and social issues (particularly on strategies to combat climate change), there were also several articles criticizing their performance on such issues.

Positive (or at least not negative) press

Rio Tinto hails emission-cutting pig iron process
Rio Tinto has developed a revolutionary method of producing pig iron for steel making, known as HIsmelt, that could slash greenhouse gas emissions.
- ABC Online, Australia (http://www.abc.net.au/rural/news/content/2006/s1787164.htm)

New greenhouse gas scheme pays farmers for carbon rights
Farmers in Queensland, Australia, have entered into a deal with Rio Tinto Aluminium as part of a new project aimed at reducing greenhouse gas emissions by allowing industrial companies to buy carbon rights from farmers with clearing permits who agree not to clear their land.
- ABC Online, Australia (http://www.abc.net.au/news/newsitems/200611/s1790841.htm)
- Courier Mail, Australia (http://www.news.com.au/couriermail/story/0,23739,20778706-3102,00.html)

Support for project on marine turtles
Rio Tinto is backing a research project on turtles in Western Australia, whose results will be used to produce management plans to protect the turtles' long-term survival.
- ABC Online, Australia (http://www.abc.net.au/news/newsitems/200611/s1783824.htm)

Policies against corruption
An article on policies within Australian corporations regarding bribes and facilitation payments mentions that “large companies such as… Rio Tinto are seen as having strong policies against corruption.”
- The Australian (http://www.theaustralian.news.com.au/story/0,20867,20838987-643,00.html)

Declaration on recycling for sustainable development
ICMM, of which Rio Tinto is a member, published a declaration on recycling principles that promote eco-efficiency in metals use, that is minimize negative environmental impacts whilst maximizing the economic benefits to society.
- SocialFunds.com (http://www.socialfunds.com/news/release.cgi/6950.html)

FutureGen Alliance
Rio Tinto was named as a member of FutureGen Alliance, a non-profit consortium of global electric utilities and coal companies working with the US Department of Energy to develop the world's first coal-fired, near zero-emission power plant.
- Energy Business Review (http://www.energy-business-review.com/article_news.asp?guid=1801535E-BF69-4F24-A63C-E18D03706819)

Support for improved occupational health and safety in the resources industry

Rio Tinto was one speaker at an ICMM safety and health conference, which came out in support of improving occupational health and safety in the resources industry.
- Mining Weekly, South Africa (http://www.miningweekly.co.za/min/news/thisweek/?show=97962)

Social investing

An article on social investing mentions investment companies representing some US$8,000 billion of funds signing their support for the Extractive Industries Transparency Initiative, to which Rio Tinto has pledged commitments.
- Mining Magazine, UK (http://www.mining-journal.com/mem_magazine/mem_Mag_Breaking_News.aspx?breaking_news_article_id=1091)

Report 'backs putting price on pollution'

Rio Tinto was involved in a Australian report on climate change. The report found that investors are delaying spending billions of dollars on energy projects because of the lack of a clear, long-term, national climate change policy, and uncertainty about whether they will eventually have to pay a carbon price.
- Herald Sun, Australia (http://www.news.com.au/heraldsun/story/0,21985,20875773-5005961,00.html)
- The Age, Australia (http://www.theage.com.au/news/national/power-price-warning-over-climate-policy-inaction/2006/12/05/1165080946588.html)

Ignore degraded ecosystems at your peril, corporations warned

Rio Tinto was one of the organizations interviewed for a publication, "Ecosystem Challenges and Business Implications", produced by the World Business Council for Sustainable Development, Earthwatch Institute Europe, IUCN-World Conservation Union, and the World Resources Institute, which warns corporations change their operations to account for the ongoing degradation of ecosystems and the vital services they provide.
- Environment News Service (http://www.ens-newswire.com/ens/nov2006/2006-11-24-01.asp)

Negative press

Man killed in accident at mine

An employee at the Spring Creek Mine, US (owned by Rio Tinto Energy America, a subsidiary of Rio Tinto), was killed on the job, allegedly after a piece of equipment fell on him.
- Billings Gazette (http://www.billingsgazette.net/articles/2006/11/29/news/state/70-mine.txt)

Accusation of greenwash

An article ridiculing the British Trust for Conservation Volunteers (BTCV) mentions it has the support of Rio Tinto, “one of the world’s most rapacious – and environment-despoiling – mining corporations”.
- Spiked, UK (http://www.spiked-online.com/index.php?/site/article/2115/)

Grasberg mine/Freeport McMoRan/West Papua

An article on a potential offer by BHP Billiton for Freeport McMoRan says that … “Grasberg mine (of which Rio Tinto has 40% ownership)… is an environmental, political and social minefield…. Grasberg dumps its tailings into a river and used to pay the Indonesian military to protect the mine. [The mine has] practices so questionable the Indonesian Government is investigating environmental violation.”

- Sydney Morning Herald, Australia (http://www.smh.com.au/news/business/drought-could-drain-wine-lake/2006/11/22/1163871481529.html?page=2)

An article on a new security pact between Australia and Indonesia implies that the Australian government wants to support Indonesia's "brutal control" over West Papua due to Rio Tinto's **part** (40%) ownership of the Grasberg mine. It also says that "mine operator Freeport-McMoran has been making huge profits while West Papuans receive virtually no benefit; tribal people around the mine have lost their land, and their rivers have been seriously polluted by tailings from the mine. According to Oxfam, the mine disposes 230,000 tons of tailings into surrounding rivers each day, causing major environmental damage. This method of disposal is prohibited in most countries: only three mines in the world, all in New Guinea, still use it. The Mineral Policy Institute believes Rio Tinto prefers to operate overseas to avoid environmental regulation."
- Green Left Weekly, Australia (http://www.greenleft.org.au/2006/690/35851)

An article calling for independence for West Papua says that "British corporations like Rio Tinto … have West Papuan blood on their hands."
- Guardian Unlimited, UK
(http://commentisfree.guardian.co.uk/peter_tatchell/2006/11/genocide_in_west_papua.html)

Gems rush destroys Madagascar's green paradise
An article on mining in Madagascar says that current mining operations are destroying the country's ecosystems. It mentions that Rio Tinto recently received permission to start work in the region, and quotes Friends of the Earth as saying this is "sad and bad" news.
- The Independent, UK (http://news.independent.co.uk/world/africa/article1951269.ece)

Illegal uranium mining in Mexico
A campaign accuses Rio Tinto's subsidiary Kennecott of a history of illegal uranium extraction in Oaxaca, Mexico, and of still operating in Oaxaca despite having its license cancelled.
- Infoshop News (http://www.infoshop.org/inews/article.php?story=20061121134230518)

Uranium mine blamed for high Aboriginal cancer rate
A study shows that cancer cases among Aboriginal people living near the Ranger uranium mine (owned by Energy Resources of Australia, which is 68% owned by RioTinto) appear to be almost double the expected rate.
- Sydney Morning Herald (http://www.smh.com.au/articles/2006/11/22/1163871481956.html)

Australia's stance on climate change
A newspaper article on the Australian government's stance on climate change (i.e., not ratifying the Kyoto Protocol and not accepting that climate change is caused by human activities) says that this response is based more on business than on science, and the Prime Minister has been heavily influenced by small group of corporate leaders in Australia's resource industries, including the successive heads of Rio Tinto, Brian Horwood and Charlie Lenegan. Another article describes a conflict of interest for Australia's former Chief Scientist (1999-2005), who is also Chief Technologist for Rio Tinto, and questions whether this has steered Australia away from clean energy and Kyoto ratification. The article also mentions that Rio Tinto-funded research was used to advise an Australian government working group.
- Sydney Morning Herald (http://www.smh.com.au/news/national/delayed-reaction/2007/03/23/1174597882759.html?page=2)

- Mining Australia (http://oj.hss.uts.edu.au/oj1/oj1_s2004/riotinto_chiefscientist/index.htm)

Potential sources of future negative press

Energy chiefs sneak into G20

- BHP Billiton and Rio Tinto formed a new organization, the Energy and Minerals Business Council, which had access to the November 2006 G20 summit in Australia, reportedly to help persuade G20 nations to liberalize trade and investment in the resources industry. This is the first time a business group has had access to the G20. Civil society did not have access to the summit.
- The Australian (http://theaustralian.news.com.au/story/0,20867,20765701-601,00.html)
- The International Herald Tribune (http://www.iht.com/articles/ap/2006/11/17/business/AS_FIN_G20_Finance_Chiefs_Corporate_Input.php)
- Bay Area Indymedia (http://www.indybay.org/newsitems/2006/11/21/18331605.php)

Australia uranium report supports industry expansion

An Australian parliamentary report called for the removal of impediments to the further development of Australia's uranium resources. Currently Australia has s a long-standing "no new mines policy" as well as bans in Western Australia and Queensland on uranium mining and processing, and a national ban on the construction of nuclear power stations. Any expansion of the industry would have an impact on Rio Tinto, which mines uranium in Australia. This could lead to negative press given a strong anti-uranium mine sentiment in some quarters of the Australian public (which led to massive protests against the proposed Jabiluka mine, for example).

- MarketWatch (http://www.marketwatch.com/news/story/australia-uranium-report-supports-industry/story.aspx?guid=%7BBF7B26D8-AF7B-4D4E-8035-D8FF1B736A14%7D)
- International Herald Tribune (http://www.iht.com/articles/2006/11/21/news/nuke.php)
- Reuters (http://www.alertnet.org/thenews/newsdesk/SYD228117.htm)

Emissions trading

A representative from Rio Tinto was amongst business leaders met by the Australian Prime Minister to discuss emissions trading; however, it appears scientists, energy experts, and environmentalists will not be consulted although they have been long-term supporters of such a global scheme. In addition, the Prime Minister warned he would not support any scheme that would damage Australia's fossil fuel sector or energy-intensive industries such as aluminium, steel and cement. If Rio Tinto were perceived to have influenced the government over any future emissions trading scheme that gives concessions to such industries (in which Rio Tinto is involved), this could possibly lead to negative press.

- The Age, Australia (http://www.theage.com.au/news/national/pm-unrealistic-on-climate-says-gore/2006/11/15/1163266640165.html)
- Sydney Morning Hearld, Australia (http://www.smh.com.au/news/environment/greenhouse-alternative-will-fail-says-gore/2006/11/15/1163266639859.html)

Worker’s rights

An article criticizing the Australian government’s Work Choices laws, which involve individual agreements between employers and employees that have allegedly led loss of overtime, penalty rates and bonus payments for many workers, mentions that even if these laws are overturned, the Australian opposition has still “reassured Rio Tinto and other mining bosses that their common law individual agreements could be retained”. These laws are controversial

within Australia as undermining workers' rights; it is possible that Rio Tinto would receive negative press if the laws were overturned but Rio Tinto was able to retain existing individual agreements signed under these laws.
- Green Left Weekly, Australia (http://www.greenleft.org.au/2006/692/35947)

Union buys mining shares to tackle global warming
The prominent Construction Forestry Mining and Energy Union (CFMEU) of Australia has bought shares in major mining companies, including Rio Tinto, so it can campaign companies to tackle global warming by reducing carbon emissions and developing clean coal technology. It is possible that the union may use public campaigns to influence the issues it wants addressed, which may include negative comments about Rio Tinto's performance on these issues.
- ABC Online, Australia (http://www.abc.net.au/news/newsitems/200611/s1790051.htm)

Change in press coverage over time

The original press analysis was performed on articles retrieved using the Google News search engine. Since this search engine only provides articles for the past month or so, it was not possible to asses any change in tone towards Rio Tinto over time.

A long-term analysis of the Australian media was therefore performed. Several of Australia's largest newspapers and news magazines (e.g., The Sydney Morning Herald, The Age, The Australian Financial Review, BRW) are owned by Fairfax Media. Archives to all Fairfax publications can be searched online for free (bringing up to title and the first one or few sentences). This analysis has been done using information from the free search.

Overall, the majority of articles from 1986 (earliest available online) to 2007 focus on the business side of Rio Tinto and its two former entities, RTZ and CRA[19] — i.e., commodity prices, share price, profit announcements, staffing, explorations, and concrete and speculative business activities. These are overwhelmingly positive, undoubtedly helped by the commodity boom during this time which has helped Rio Tinto achieve ever-higher profits.

Certain disputes and issues involving the company and specific mines (for example Panguna Mine, Bougainville, Papua New Guinea, and the proposed Jabiluka mine, Australia) also feature heavily during different time periods. However, reporting on these seems overall to be fairly neutral throughout the time period, with only a few articles appearing to directly attack Rio Tinto (as far as can be determined from an opening sentence).

Overall, there did not appear to be any change in tone regarding Rio Tinto over time (again, as far as can be determined from an opening sentence). The full analysis is provided in Appendix C.

Please note that the big newspapers in Australia tend to be more right wing than left wing, so the finding that overall the media has remained positive/neutral towards RT may actually be no surprise.

[19] The parent British company and the Australian subsidiary, respectively, which merged in 1995 to create the current dual-structure company

The plan was to do a similar analysis of the largest UK publications (given Rio Tinto's dual-listed nature); however there was not enough time for this.

B. Queries to watchdog, sustainable development, and NGO websites

Positive statements/reports

Rio Tinto's water diagnostic tool, developed to help understand the cultural, social, economic, and environmental risks and opportunities for water, was recognized in the November 2006 **"Ecosystem Challenges and Business Implications" report**, produced by the World Business Council for Sustainable Development, Earthwatch Institute Europe, IUCN-World Conservation Union, and the World Resources Institute. This report also received some press attention in which Rio Tinto was mentioned as one of the organizations interviewed for the report.

The **World Business Council for Sustainable Development** website publishes several speeches by Rio Tinto top management (Paul Skinner, Chairman; Charles Lenegan, Managing Director Rio Tinto-Australia; Andrew Vickerman, Head of External Affairs; Tom Albanese, Chief Executive, Copper and Exploration) on the Group's sustainable development policies.

An article by the **Ethical Corporation** recognizes Rio Tinto as being one of the few companies that spends enough money on multi-stakeholder (NGO, government, and business) partnerships addressing poverty, environmental degradation, and weak governance.
(http://www.ethicalcorp.com/content.asp?ContentID=4661)

Another article by the **Ethical Corporation** says Rio Tinto "has made some good strides on biodiversity, revenue transparency, human rights and security policies and community engagement in recent years, according to many in the corporate responsibility world" – but it should be noted that the article deals with criticism of the Groups plans to mine titanium dioxide in Madagascar.
(http://www.ethicalcorp.com/content.asp?ContentID=3899)

The **Conservation International** website describes a biodiversity project supported by Rio Tinto in Pic de Fon, southeastern Guinea.

The **Mines and Communities** website describes the negotiation of the largest collection of native title land access agreements negotiated anywhere in Australia, with Binding Initial Agreements (BIAs) being reached between six native title claim groups and Rio Tinto Iron Ore over its Pilbara operations.
(http://www.minesandcommunities.org/Action/press1069.htm)

The **ICMM** website includes a few articles written by Rio Tinto staff, including on safety performance and ICCM initiatives, as well as various positive mentions of Rio Tinto with regards to safety, community engagement, and biodiversity.

Negative statements/reports

The **Corporate Watch** Newsletter 32, October/November 2006 states that “Rio Tinto's trademarks are major environmental destruction, evasion of taxes and ill treatment of mining workers and of local communities.”
(http://www.corporatewatch.org/?lid=2728)

A legal case between Rio Tinto and the Sarei people (who allege that they or their family members were the victims of numerous violations of international law as a result of operations at Panguna Mine, Bougainville, Papua New Guinea (owned by Bogainville Copper Ltd, which is 53.6% owned by Rio Tinto) and the 10-year civil conflict that followed an uprising at the mine) is cited in **Amnesty International**’s presentation at the Consultation on the Extractive Sector organized by the Office of the High Commissioner for Human Rights, Geneva, November 10-11, 2005.

The **Friends of the Earth International** website criticizes Lihir gold mine (Papua New Guinea; Rio Tinto is a shareholder; was previously more involved), Sepon mine (Lao PDR; 20% backing by Rio Tinto), the proposed Jabiluka uranium mine (Australia; owned by Energy Resources of Australia, which is 68% owned by RioTinto), Grasberg mine (Indonesia; 40% owned by Rio Tinto), and a proposed mine in Madagascar owned by QIT Madagascar Minerals (80% owned by Rio Tinto). (See section D below for specific problems with these and other mines, and section E for a summary of negative statements by this group.)

The **Mineral Policy Institute** website criticizes Grasberg mine (Indonesia; 40% owned by Rio Tinto), Panguna mine (Papua New Guinea; owned by Bogainville Copper Ltd, which is 53.6% owned by Rio Tinto), a project in Poboya Great Forest Park (Indonesia; mining concession owned by PT Citra Palu Minerals, which is reportedly 90% owned by Rio Tinto but is not mentioned on their website), and Lihir Gold Mine (Papua New Guniea; Rio Tinto is a shareholder; was previously more involved). (See section D below for specific problems with these and other mines and projects, and section E for a summary of negative statements by this group.)

The **Mines and Communities** website criticizes Rio Tinto’s investment in Ivanhoe Mines as being hypocritical (due to Ivanhoe Mines having a mine in Burma, where Rio Tinto has reportedly said it will not invest while the military is in power); its investment in Ascendant Copper, Ecuador; its Diavik diamond mine in Canada (owned by Diavik Diamonds Inc. which is 60% owned by Rio Tinto); various operations in Australia; and for advising the Chinese government on all aspects of the state's mining policy (see section D below for problems with specific mines and projects, and section E for a summary of negative statements by this group). The website also describes a group called **People against Rio Tinto and its Subsidaries (Partizans)**. *[I couldn’t find a website for this group]* A full list of articles referring to Rio Tinto can be found at
http://www.minesandcommunities.org/Company/company.htm#Rio

The **Corpwatch** website has many articles that describe Rio Tinto in a negative way, one of which opens with “Rio Tinto could be a poster child for corporate malfeasance”. Two articles and a report criticize Rio Tinto for not living up to the principles outlined in the UN Global Compact, specifically at Kelian mine (Indonesia; 90% owned by Rio Tinto), but also mentioning Grasberg mine (Indonesia; 40% owned by Rio Tinto) and the company’s operations in Namibia and Brazil. Other articles criticize Rio the UN Development Programme for planning to have Rio Tinto as a partner, describing the company as having created “many

environmental, human rights, and development problems". Rio Tinto's planned mine in Madagascar is also criticized (see section D below for problems with specific mines and projects, and section E for a summary of negative statements by this group).
(http://www.corpwatch.org/article.php?id=622, http://www.corpwatch.org/downloads/gw10.pdf, http://www.corpwatch.org/downloads/perilous.pdf)

No search results

No search results for "Rio Tinto" were found on the following websites:
www.montana.edu
www.thegreenlife.com (Top 10 greenwashers)
www.unglobalcompact.org (UN Global Compact)
www.nature.org (TNC International)
www.earthwatch.org (Earth Watch)
www.wildlifetrusts.org (The Wildlife Trusts)
www.forestpeoples.org (Forest Peoples Programme)
www.laneta.apc.org/rci/ing (Indigenous information network)

Mentions were made of Rio Tinto at www.panda.org (WWF International) and www.iucn.org/themes/ceesp/ (CEESP), but nothing specific was said.

C. Negative information on specific mines/partnerships/projects

Australia	
- Ranger uranium mine (operated by Energy Resources Australia (ERA), which is 68% owned by Rio Tinto)	**Human health** • Over 120 leaks, spills and incidents involving uranium, some of them serious, are reported to have occurred since the opened in 1981 and 2004, including contamination of water that made 28 workers ill • In 2004 the mine was closed following two reports found ERA responsible for unacceptable contamination earlier in the year • Cancer cases among Aboriginal people living near the mine appear to be almost double the expected rate **Possible environmental pollution** •The mine is located within Kakadu World Heritage area 2004, Mines and Communities: *Rio Tinto under multiple fire - from Australian workers, Aboriginal communities, politicians and government* (http://www.minesandcommunities.org/Action/press425.htm) 2006, Sydney Morning Herald: *Uranium mine blamed for high Aboriginal cancer rate* (http://www.smh.com.au/articles/2006/11/22/1163871481956.html)
-Pilbara Iron (Hamersley Iron (100% Rio Tinto) and Robe River Iron (53% Rio Tinto))	**Indigenous people** • Accused of failing to engage genuinely with traditional owners in its native title negotiations and for not meeting its own social responsibility standards 2005, Mines and Communities: *Pilbara Aboriginal Meeting Condemns Rio Tinto* (http://www.minesandcommunities.org/Action/press639.htm)
Brazil	
- Morro do Ouro mine (Rio Tinto sold its 51%	**Human rights abuses** • Report that local inhabitants looking for small amounts of gold on the mine were shot and killed by company security guards **Workers' rights**

share in the owner of the mine, Rio Paracatu Mineração, in 2004)	• Report that employees were made spy on trade union members, with those active in the trade union being fired **Human health** • Report of mine workers being subject to lead poisoning 2000, Dateline SBS: *Fool's Gold* (http://news.sbs.com.au/dateline/index.php?page=archive&daysum=2000-08-02#)
Canada	
- Iron Ore Company of Canada, Labrador (Rio Tinto owns 59%)	**Human health** • United Steelworkers of America trade union calling for an investigation of rare cancers among workers 2007, CBC News: *Probe cancer incidence at iron ore mine: union* (http://www.cbc.ca/health/story/2007/01/10/ioc-cancer.html)
- Diavik diamond mine (Diavik Diamonds Inc., Rio Tinto owns 60%)	**Possible environmental damage** • concern over changes in water quality in the lake being mined, and the ability of the current aquatic effects monitoring program to detect changes in water quality • concern that more ammonia than permitted under the original license is being discharged 2006, Mines and Communities: *There are no clean diamonds: What you need to know about Canadian diamonds* (http://www.minesandcommunities.org/Action/press1300.htm)
Chile	
- Escondida mine (57.5% BHP Billiton, 30% Rio Tinto)	**Worker relations** • In 2006 the mine was shut down due to a month-long strike over pay 2006, BBC (http://news.bbc.co.uk/2/hi/business/5261990.stm)
Ecuador	
- Podocarpus National Park	**Illegal activities** • Rio Tinto was accused of exploring in Podocarpus National Park; the company initially denied the claims, but after conclusive evidence was obtained the Group eventually withdrew and sold up all its exploration leases in the country; exploration data obtained during the Group's time in Ecuador is now being used by Ascendant Copper Corporation (see below) 2006, Mines and Communities: *Rio Tinto in the Ascendant* (http://www.minesandcommunities.org/Action/press1272.htm)
- Partnership with Ascendant Copper Corporation	• In October 2006 Rio Tinto and Ascendant Copper Corporation announced a joint exploration program for exploring copper in western Ecuador; Ascendant Copper has been accused on human rights violations 2006, Mines and Communities: *Rio Tinto in the Ascendant* (http://www.minesandcommunities.org/Action/press1272.htm)
Indonesia	
- Grasberg mine (also known as Freeport mine;	**Environmental damage** • destruction of freshwater aquatic life through pollution • habitat destruction • contamination of the Ajkwa Estuary food chain • heavy metal pollution

Freeport McMoRan and Rio Tinto joint venture; 40% owned by Rio Tinto)	**Human rights abuses** • ranging from arbitrary detention to extra-judicial killing • Rio Tinto accused of providing funds that entrench the activities of military forces **Human health and safety** • a series of fatal health and safety incidents in 2000 and 2003 **Negative affect on protected areas** • pollution in the World Heritage-listed Lorentz National Park, which wraps around the Freeport concession area and whose area was reduced to accommodate the mine **Illegal activities** • failure to comply with government orders to amend polluting practices, despite years of official findings that the venture is in breach of relevant regulations • potentially illegal exploration inside Lorentz National Park **Lack of transparency** • no information or public discussion of the current management and future for the mine, including alternatives for waste management, and mine closure planning 2006, Indonesian Environment Forum (WALHI - Friends of the Earth Indonesia) report: *WALHI Freeport report* (http://www.asia-pacific-action.org/southeastasia/indonesia/resources/reports/walhi_reportonfreeportriotinto_may2006.htm) 2006, Mineral Policy Institute press release: *Shareholders join with West Papuans and Bouganvilleans to address Rio Tinto's A.G.M* (http://www.mpi.org.au/campaigns/militarism/RioTinto_AGM2006/) 2006, Ecumenical Council for Corporate Responsibility: Rio Tinto – Revisiting the Principles: A Decade of Corporate Responsibility Reviewed [I have a copy] 2001, CorpWatch article: *Associating with the Wrong Company Rio Tinto's Record and the Global Compact* (http://www.corpwatch.org/article.php?id=623) 1998, Project Underground report: *Risky Business - The Grasberg Gold Mine* (http://www.moles.org/ProjectUnderground/motherlode/freeport/tenrisks.html)
- Kelian mine (PT Kelian Equatorial Mining, 90% owned by Rio Tinto)	**Human rights abuses** • forced eviction of local people by the military, police, and company security • loss of homes, lands, gardens, fruit trees, forest resources, family graves, and the right to mine for gold in the river by local people • sexual harassment, rape, and violence against local women by company employees **Bad relationship with local communities** • The Kelian community claimed that PT Kelian Equatorial Mining had not been genuinely committed to settling the issues and demands raised by the people, paying only lip service to various activities - community development projects, recruitment of local workers, environmental management and mine closure plans. As a result, in 2000 several thousand Dayak people blockaded operations at the mine. • community concerns not adequately being taken into account for the mine closure procedure **Lack of transparency** • basic information on the mine closure procedure not being provided to communities **Bad closure** • the 450 hectare mine pit and dump sites will not be restored to their original forested condition. 2006, Ecumenical Council for Corporate Responsibility: Rio Tinto – Revisiting the Principles: A Decade of Corporate Responsibility Reviewed [I have a copy] 2001, CorpWatch article: *Rio Tinto: Global Compact Violator - PT Kelian: A Case Study of Global Operations* (http://www.corpwatch.org/article.php?id=622) 2003, WALHI report: *Undermining Indonesia: Adverse social and environmental impacts of Rio Tinto's mining operations in Indonesia*, (http://dte.gn.apc.org/57Rio.htm – note: could not find original report)

- Kaltim Prima Coal Mine (50% Rio Tinto, 50% BP; later sold)	**Bad relationship with local communities** • land appropriation has affected local people and new land disputes **Environmental damage** • deteriorating water quality in the Sangatta River (clogged with lime and local people no longer able to fish), with another three rivers predicted to be affected 2003, WALHI report: *Undermining Indonesia: Adverse social and environmental impacts of Rio Tinto's mining operations in Indonesia*, (http://dte.gn.apc.org/57Rio.htm – note: could not find original report)
- Poboya Great Forest Park (PT Citra Palu Mineral, of which Rio Tinto is parent company, reportedly owning 90% (although no mention is made of the company of their website))	**Illegal activities** • secretly exploring the protected Poboya Great Forest Park for gold reserves **Potential negative affect on protected areas** • Rio Tinto reportedly entered into negotiations with the local government to shift the forest boundary so that mining activities could be carried out **Ongoing interest** • Rio Tinto has signed a 'farm-in' agreement allowing Newcrest Mining Ltd to use the Poboya concession, which it can only sell once mining has been approved – meaning Rio Tinto remains responsible for Poboya's future and may have an interest in seeing the current ban on mining in the park lifted. 2003, ICMR Case: *Rio Tinto - The Mining Giant Pollutes Indonesia's Environment* (http://www.icmr.icfai.org/casestudies/catalogue/Business%20Ethics/BECG030.htm) 2003, Down to Earth No. 57: *Rio Tinto blasted on three continents* (http://dte.gn.apc.org/57Rio.htm)
Lao PDR	
- Sepon mine (Oxiana Ltd., which has a 20% backing by Rio Tinto)	**Environmental damage** • potential damage to rivers and biodiversity from pollution • increased illegal logging due to improved access to forests through roads built for the mine **Human rights issues** • mine area has deprived indigenous communities of their land, means of food, livelihood, and sacred ancestral sites • not enough money directed towards Community Development Fund **Governance issues** • Lack of environmental legislative framework in Lao PDR **Bad closure** • lack of planning and financial commitment for mine rehabilitation and closure 2003, Friends of the Earth International report: *Undermining lives in Laos* (http://www.foei.org/publications/pdfs/laos.pdf)
Madagascar	
QIT Madagascar Minerals project (QMM) (80% owned by Rio Tinto)	**Potential environmental and social impact** • Rio Tinto is reported as saying the project is consistent with the principles of sustainable development • but environmental groups fear the project will damage Madagascar's biodiversity and do little to solve poverty 2006, Ecumenical Council for Corporate Responsibility: Rio Tinto – Revisiting the Principles: A Decade of Corporate Responsibility Reviewed [I have a copy] 2005, Ethical Corporation article: *Mining in Madagascar - Paradise lost?* (http://www.ethicalcorp.com/content.asp?ContentID=3899)
Namibia	
- **Rössing mine**	**Illegal activities**

(owned by Rössing Uranium Ltd., which is 69% owned by Rio Tinto)	• Found to illegally mining uranium, in breach of United Nations Resolutions **Human rights abuses** • uranium being mined in 1970s "by virtual slave labour under brutal conditions" • profits from the mining helped support South Africa's apartheid government, which then controlled Namibia • well-armed "'private army"' in place to deal with civil or labour unrest **Uranium being used for weapons** • report that up until 1984, Rossing uranium was secretly supplied to the British nuclear weapons programme Anti-Nuclear Alliance of Western Australia: *information on Rio Tinto* (http://www.anawa.org.au/industry/riotinto.html) 2006, Ecumenical Council for Corporate Responsibility: Rio Tinto – Revisiting the Principles: A Decade of Corporate Responsibility Reviewed [I have a copy] 2001, CorpWatch: *Associating with the Wrong Company: Rio Tinto's Record and the Global Compact* (http://www.corpwatch.org/article.php?id=623)
Papua New Guinea	
- Panguna mine (owned by Bogainville Copper Ltd, which is 53.6% owned by Rio Tinto)	**Human rights abuses** • forced eviction of local people by the military under Rio Tinto's direction • harsh reprisals by the military against local people's uprising against the mine, leading to a protracted civil war that left 10% of the island of Bougainville's population dead • military blockade, supported by Rio Tinto, to the island for almost 10 years, directly leading to the deaths of at least 10,000 people between 1990 and 1997 • Rio Tinto accused of being complicit in PNG's war crimes and crimes against humanity during the civil war **Environmental damage** • Chemical defoliation and bulldozing of rainforest to build the mine • Massive pollution of land, freshwater, and the ocean by toxic mine waste **Human health** • improper exposure of local people to toxic chemicals, leading to death and/or illness of some villagers **Future conflict?** • Reports that Rio Tinto is considering reopening the mine (although this denied by David Richards) 2006, Opinio Juris Case of the Month: *Sarei v. Rio Tinto* (http://www.opiniojuris.org/posts/1157061441.shtml) 2006, Mineral Policy Institute press release: *Shareholders join with West Papuans and Bouganvilleans to address Rio Tinto's A.G.M* (http://www.mpi.org.au/campaigns/militarism/RioTinto_AGM2006/) 2000, Rio Tinto Litigation (http://www.hagens-berman.com/rio_tinto_lawsuit)
- Lihir Gold Mine (Rio Tinto is a shareholder; was previously more involved)	**Social impacts** • massive influx of workers to Lihir Island from other areas **Environmental damage** • Smothering of marine organisms living on the ocean floor by dumped tailings, despite Papua New Guinea and Australia being signatories to the London Convention, which bans the dumping of toxic waste at sea Friends of the Earth International (http://www.foei.org/publications/link/mining/30.html)
Russian	

Federation

- Partnership with Norilsk Nickel	**Pollution** • Norilsk Nickel cited as “almost certainly the worst single toxic polluter in Russia” and the “biggest single source of sulphur dioxide (SO2) poisoning anywhere in the world”. **Indigenous peoples** • concerns raised about the affect of any future joint venture development on indigenous communities in the Chitka and Irkutsk regions of Central Siberia. 2006, Mines & Communities: *Is Rio Tinto about to commit a massive error? Or make a huge pile?* (http://www.minesandcommunities.org/Action/press900.htm)
- Norilsk complex, Kola Peninsula (Norilsk Nickel; current expansion reportedly being part-financed by Rio Tinto)	**Human health** • drinking water contaminated with high levels of iron and chemicals • many of those working in the mines and processing plants suffer from ill health, ranging from throat irritation to cardio-respiratory disease and cancer 2006, BBC: Metals boom sparks Kola nature fears (http://news.bbc.co.uk/2/hi/business/6103382.stm) 2006, Mines and Communities: *Sami struggle amidst desolation* (http://www.minesandcommunities.org/Action/press1318.htm)

UK

- Capper Pass tin smelter (now closed, owned by Rio Tinto)	**Human health** • hundreds of people allegedly poisoned following exposure to lead, arsenic, cadmium and radioactive substances • workers as well as children in surrounding villages suffering high levels of cancer **Lack of transparency and accountability** • reluctance by Rio Tinto to release health records of workers • Rio Tinto denied for almost two decades that it had any legal liability or any responsibility whatsoever for the poisonings, until a report detailing disregard of Health, Safety and Environmental Regulations and exposure of workers and residents to radioactive, carcinogenic and toxic substances was due to be released 2000, Press Statement released by David Russell, Senior Partner of Towells, Solicitors, Wakefield (http://www.cfmeu.com.au/storage/documents/rio/capper5.html) 2000, Project Underground newsletter: *Drillbits & Tailings*, Volume 5, Number 12 (http://www.moles.org/ProjectUnderground/drillbits/5_12/1.html) 1999, ICEM press release: *Rio Tinto Must Release Worker Health Records, British Politician Says* (http://www.icem.org/en/77-All-ICEM-News-Releases/1201-Rio-Tinto-Must-Release-Worker-Health-Records-British-Politician-Says)

US

- Pebble copper-gold-molybdenum deposit (Controlled by Northern Dynasty Minerals, in which Rio Tinto has a 9.9% equity position)	**Potential environmental damage** • construction of the open pit mine would include the world's largest dam, larger than Three Gorges Dam in China, made of earth, to hold back toxic waste • fears the mine poses unacceptably high risk to Alaska's greatest salmon producing region, which supports the most productive commercial and sport salmon fisheries in the world Renewable Resources Coalition (http://www.renewableresourcescoalition.org/pebble_mine.htm) 2007, Anchorage Daily News: Jewelers being asked to boycott gold from Alaska mine (http://www.adn.com/news/alaska/ap_alaska/story/8536497p-8430402c.html)
- Bingham Canyon mine (Kennecott Utah Copper, 100% owned by Rio Tinto)	**Pollution** • groundwater contaminated with acids, sulphates and metals beneath the open pit copper mine, extending up to 20 miles from the mine **Cost of cleanup** • the mine is estimated to leave taxpayers with the largest liability of any mine in the United States: more than $1.3 billion Environmental Working Group: *The Footprint of Mining, Oil, and Gas* (http://www.ewg.org/reports/losingground/chapter1.php)
- Eagle project (Kennecott Minerals; 100% owned by Rio Tinto)	**Pollution** • concern about potential sulphuric acid pollution of groundwater, rivers and lakes, including Salmon Trout River, one of the last-known breeding grounds for the rare coaster brook trout **Communities** • doubts raised over whether consultation with communities has been truly inclusive **Influence over government regulations** • concerns raised over Kennecott Mineral's role in drawing up state regulations regarding mining of sulphides that the project would be subject to • resulting legislation criticized for not requiring an independent assessment of environmental impacts, amongst other things 2006, Ecumenical Council for Corporate Responsibility: Rio Tinto – Revisiting the Principles: A Decade of Corporate Responsibility Reviewed [I have a copy]

D. Table of negative comments and sources

1. Media	Negative statement(s)/reporting
BBC *World's largest broadcasting corporation*	• Article reporting on a shut down of Escondida mine, Chile (30% owned by Rio Tinto), in 2006 due to a month-long strike over pay • Article on poor worker health at the Norilsk complex, Kola Peninsula, Russia (owned by Norilsk Nickel; current expansion reportedly being part-financed by Rio Tinto)
Sydney Morning Herald *Major Australian broadsheet newspaper*	• Article describing Grasberg mine, Indonesia (40% owned by Rio Tinto) as "an environmental, political and social minefield" and claiming that "Grasberg dumps its tailings into a river and used to pay the Indonesian military to protect the mine. [The mine has] practices so questionable the Indonesian Government is investigating environmental violation." • Article reporting a study showing that cancer cases among Aboriginal people living near the Ranger uranium mine, Australia (owned by Energy Resources of Australia, which is 68% owned by RioTinto) appear to be almost double the expected rate
Guardian Unlimited *Britain's most popular newspaper website*	• Article stating that "British corporations like Rio Tinto … have West Papuan blood on their hands."
The Independent *British compact newspaper*	• Article on mining in Madagascar mentions that Rio Tinto recently received permission to start work in the country, and quotes Friends of the Earth as saying this is "sad and bad" news.
CBC News *Canadian national public radio and television broadcaster*	• Article on United Steelworkers of America trade union calling for an investigation of rare cancers among workers at the Iron Ore Company of Canada (59% owned by Rio Tinto) mine in Labrador City
Billings Gazette *Largest daily newspaper in Montana, US*	• Article reporting on an employee killed at the Spring Creek Mine, US (owned by Rio Tinto Energy America, a subsidiary of Rio Tinto)
SBS Dateline *Australia's longest-running international current affairs program, aired on SBS, a public television network*	• Article on human rights abuses, workers' rights issues, and human health issues at Morro do Ouro mine, Brazil (Rio Tinto had a 51% share in the owner of the mine, Rio Paracatu Mineração)
Spiked *British internet magazine focusing on politics, culture, and society*	• Article describing Rio Tinto as "one of the world's most rapacious – and environment-despoiling – mining corporations".
Anchorage Daily News *Largest daily newspaper in Alaska, US*	• Article reporting on potential environmental damage from mining the Pebble copper-gold-molybdenum deposit, US (controlled by Northern Dynasty Minerals, in which Rio Tinto has a 9.9% equity position)
Green Left Weekly *Radical left-wing Australian newspaper*	• Article implying that the Australian government wants to support Indonesia's "brutal control" over West Papua due to Rio Tinto's part ownership of the Grasberg mine, Indonesia (40% owned by Rio Tinto); also quotes the Mineral Policy Institute as believing

	Rio Tinto prefers to operate overseas to avoid environmental regulation
Infoshop News *US-based anarchist website*	• Campaign accusing Rio Tinto's subsidiary Kennecott of a history of illegal uranium extraction in Oaxaca, Mexico, and of still operating in Oaxaca despite having its license cancelled.
2. NGOs, other organizations	**Negative statement(s)/reporting**
Corporate Watch Newsletter *Independent, not-for-profit, UK-based research and publishing group focusing on the social and environmental impact of large corporations, particularly multinationals*	• Article stating that "Rio Tinto's trademarks are major environmental destruction, evasion of taxes and ill treatment of mining workers and of local communities."
Mines and Communities *Online website project of three British-based organizations: People against Rio Tinto and Subsidiaries (Partizans), Indigenous Peoples Links (PIPlinks), and the Society of St.Columban*	• Reproduction of several negative reports on Ranger Uranium Mine, Australia (owned by Energy Resources of Australia, which is 68% owned by RioTinto) • Reproduction of a press release (from Yamatji Marlpa Barna Baba Maaja Aboriginal Corporation, Yamatji Land and Sea Council, Pilbara Native Title Service, Native Title Representative Body) and subsequent media report accusing Rio Tinto of failing to engage genuinely with Australian traditional owners in its native title negotiations and for not meeting its own social responsibility standards • Reproduction of an article on possible environmental damage from the Diavik diamond mine, Canada (owned by Diavik Diamonds Inc. which is 60% owned by Rio Tinto) • Reproduction of an article criticizing Rio Tinto's past activities and potential future involvement in Ecuador • Reproduction of an article criticizing Rio Tinto's partnership with Norilsk Nickel, described as "almost certainly the worst single toxic polluter in Russia" and the "biggest single source of sulphur dioxide (SO2) poisoning anywhere in the world", and raising concerns about the affect of any future joint venture development on indigenous communities in the Chitka and Irkutsk regions of Central Siberia, Russia • Reproduction of an article on poor worker health at the Norilsk complex, Kola Peninsula, Russia (owned by Norilsk Nickel; current expansion reportedly being part-financed by Rio Tinto) • Article criticizing Rio Tinto's investment in Ivanhoe Mines as hypocritical, due to Ivanhoe having a mine in Burma where Rio Tinto has reportedly said it will not invest while the military is in power • Article criticizing Rio Tinto for advising the Chinese government on all aspects of the state's mining policy *Note: there are many new articles mentioning Rio Tinto since the first report was prepared – see http://www.minesandcommunities.org/Company/company.htm#Rio*
Indonesian Environment Forum (WALHI)	• Reports outlining damaging environmental impacts, illegal activities, human rights abuses, bad relationships with local

Indonesia's largest environmental NGO; part of the Friends of the Earth network	communities, and/or lack of transparency at Kelian Gold Mine (90% owned by Rio Tinto), Kaltim Prima Coal Mine (50% owned by Rio Tinto), Grasberg Mine (40% owned by Rio Tinto), and the Poboya mining concession (owned by PT Citra Palu Minerals, which is reportedly 90% owned by Rio Tinto but is not mentioned on their website), all in Indonesia
Friends of the Earth International	• Report outlining environmental damage, human rights issues, governance issues, and bad closure plans for Sepon mine, Laos (20% backing by Rio Tinto) • Report expressing concern over potential social impacts and environmental damage caused by Lihir Gold Mine, Papua New Guinea (Rio Tinto is a shareholder; was previously more involved) • Articles criticizing Panguna mine (owned by Bogainville Copper Ltd, which is 53.6% owned by Rio Tinto) for catalyzing the Bougainville civil war in Papua New Guinea • Articles criticizing Grasberg mine, Indonesia (40% owned by Rio Tinto), as well as blockades and shootings at the mine • Articles criticizing Rio Tinto for lobbying to open a gold mine in the Poboya-Tahura Forest Park, Indonesia (the Poboya mining concession is owned by PT Citra Palu Minerals, which is reportedly 90% owned by Rio Tinto but is not mentioned on their website) • Articles criticizing the Ranger and proposed Jabiluka uranium mines, Australia (both owned by Energy Resources of Australia, which is 68% owned by RioTinto) • Article criticizing the proposed titanium dioxide mine in Madagascar (owned by QIT Madagascar Minerals, which is 80% owned by Rio Tinto) • Photo gallery of protests over the proposed Jabiluka uranium mine, Australia • Article criticizing the Global Mining Initiative as corporate grandstanding and greenwashing; mentions Rio Tinto's involvement • Article criticizing the UN Global Compact; mentions Rio Tinto's involvement • Articles criticizing Business Action for Sustainable Development (BASD) as greenwash; mentions Rio Tinto's involvement • Article criticizing the OECD Guidelines for Multinational Enterprises as greenwash; mentions Rio Tinto's involvement
Ecumenical Council for Corporate Responsibility *UK-based organization formed to raise the profile of corporate responsibility within the churches and companies*	• Report describing pollution, problems with community consultation, illegal activities, human rights abuses, and/or concerns about the company's influence over government regulations at Eagle project, US (Kennecott Minerals, 100% owned by Rio Tinto), Grasberg mine, Indonesia (40% owned by Rio Tinto), Kelian mine, Indonesia (90% owned by Rio Tinto), the QIT Madagascar Minerals project (80% owned by Rio Tinto), and Rössing mine, Namibia ((69% owned by Rio Tinto)

Mineral Policy Institute *Australian-based NGO specialising in advocacy, campaigning and research to prevent environmentally and socially destructive mining, minerals and energy projects in Australia, Asia and the Pacific*	• Articles on human rights abuses and environmental devastation at Grasberg Mine, Indonesia (40% owned by Rio Tinto) • Article on community opposition to mining in the Poboya-Tahura Forest Park, Indonesia (the Poboya mining concession is owned by PT Citra Palu Minerals, which is reportedly 90% owned by Rio Tinto but is not mentioned on their website) • Article criticizing the dumping of toxic waste from Lihir gold mine, Papua New Guinea, at sea (Rio Tinto is a shareholder; was previously more involved)
Project Underground *US-based group focusing on mining oil and gas activities from environmental and human rights perspectives*	• Report outlining damaging environmental impacts, potential illegal activities, and human rights abuses at Grasberg Mine, Indonesia (40% owned by Rio Tinto) • Article on human health and associated lack of transparency and accountability at Capper Pass tin smelter, UK (now closed, owned by Rio Tinto)
CorpWatch *US-based group that investigates and exposes corporate violations of human rights, environmental crimes, fraud and corruption around the world*	• Article with the opening line: "Rio Tinto could be a poster child for corporate malfeasance". • Article claiming that human rights and environmental abuses at PT Kelian Equatorial Mining (90% owned by Rio Tinto) mean that Rio Tinto is violating the UN Global Compact principles • Article describing human rights abuses at Grasberg Mine, Indonesia (40% owned by Rio Tinto) • The same article claims that in the 1970s, Rio Tinto was violating basic international standards by illegally mining uranium at Rössing Mine in Namibia (69% owned by Rio Tinto) • Article criticizing the UN Development Programme for planning to have Rio Tinto as a partner, describing the company as having created "many environmental, human rights, and development problems" • Article criticizing the planned mine in Madagascar (owned by QIT Madagascar Minerals, which is 80% owned by Rio Tinto)
Ethical Corporation *UK-based independent publisher and conference organizer focused on how companies relate to the world around them*	• Article reporting concerns of environmental groups that the QIT Madagascar Minerals project (80% owned by Rio Tinto) will damage Madagascar's biodiversity and do little to solve poverty
Anti-Nuclear Alliance of Western Australia *Non-profit community group campaigning for an end to the nuclear industry and the adoption of safe energy strategies.*	• Webpage listing various issues surrounding Rio Tinto around the world: worker rights, supporting apartheid in South Africa, human rights
International Federation of Chemical, Energy, Mine and General Workers' Unions	• Press release calling for Rio Tinto to release health records for workers at Capper Pass tin smelter, UK (now closed, owned by Rio Tinto)

Renewable Resources Coalition *US non-profit corporation dedicated to the preservation of hunting and fishing resources in Alaska, and the lands and waters they need to survive*	• Article expressing concern over potential environmental damage from mining the Pebble copper-gold-molybdenum deposit, US (controlled by Northern Dynasty Minerals, in which Rio Tinto has a 9.9% equity position)
Environmental Working Group *US non-profit environmental research organization based in Washington, DC*	• Report mentioning serious groundwater pollution at Bingham Canyon mine (owned by Kennecott Utah Copper, which is 100% owned by Rio Tinto)

E. Summary of the first IUCN member/staff analysis

Interveiw transcripts can be found in Appendix A.

Rio Tinto's commitment to CSR

Most of the IUCN members and staff spoken to feel that Rio Tinto has taken a leadership role in addressing environmental and social issues, and that they are serious about their policies. The Group's biodiversity policy is particularly seen as very ambitious. Several IUCN members and staff feel that Rio Tinto is one of the top mining companies – or even the top – in terms of sustainable development practice. Rio Tinto was also recognized as being very active within ICMM.

However, many IUCN members and staff are unsure as to whether the Group's policies are actually being implemented into operations, and several expressed a wish for IUCN to visit operations to confirm this. *[Note that David Richards from Rio Tinto provided information on policy implementation, and that Andrew Parsons from ICMM and Marielle Canter from Conservation International believes that the policies are being implemented; see section IV and the interview transcripts.]*

Two stakeholders expressed doubts about Rio Tinto's true commitment to CSR. Clive Wicks (member of CEESP) believes that one reason big companies improve their policies is to obtain cheaper finance, and doesn't think that good policy equals good practice. Alberto Saldamando (International Indian Treaty Council) wasn't familiar with Rio Tinto's policies, but questioned whether they were adequate and also essentially said that any new policies don't make up for Rio Tinto's past terrible performance. He also believes that all policies are prospective and that nothing is being done to improve current operations. *[Note that this is not true at least at a policy level, as all policies apply to all operations.]*

Potential engagement with IUCN

With the exception of Clive Wicks and Alberto Saldamando who are opposed to any relationship between IUCN and Rio Tinto, all IUCN members and staff spoken to believe that a relationship with a leader in the mining industry such as Rio Tinto would help IUCN achieve its mission of sustainable development, by developing and promoting best practice for Rio Tinto and by demonstrating to other companies that such practice makes good business sense. Some gave specific ideas as to how an engagement could further IUCN's mission and what the engagement could involve (see section V and the interview transcripts).

However a number of concerns were raised. These include (in no particular order):

- IUCN must be able to criticize Rio Tinto, as well as ask questions about joint ventures and investments
- IUCN should not be seen as endorsing Rio Tinto
- A clear MoU/terms of reference are needed, with the expectations of each organization made clear
- Will be a challenge for IUCN to work with mining industry given the strong anti-mining views of some of its members: may lose some members
- Rio Tinto may be frustrated at having to move at the slowest speed of the most unwilling IUCN members
- Prior conditions from IUCN members mustn't be able to strangle any relationship
- Need to ensure early on that the right people from different disciplines in each organization are being brought together to discuss the partnership
- Risk that previous contentious operations will mean that Rio Tinto will always be perceived as a bad company, even if they do become one of the best companies
- Risk of getting in bed with a company that's saying the right things but not doing the right things (even if their policies are good)
- Risk for IUCN surrounding Rio Tinto getting involved as a minority partner in other companies and projects, e.g. with Ivanhoe and Mongolia
- Risk that IUCN members, commissions and Secretariat would be sending different messages to companies at the same time (CEESP for example is criticizing big companies)
- Engagement with Rio Tinto could worsen existing criticism surrounding IUCN and ICMM engagement
- Is IUCN really ready to engage in the private sector in a meaningful and professional way, devoting the necessary financial and human resources and high-level commitment
- Rio Tinto's major products (gold, coal, iron, copper) have a big potential for environmental impact

F. Second IUCN member/staff analysis

A second series of interviews was conducted with people identified by IUCN members and staff interviewed in the first analysis. These transcripts can be found in Appendix B.

Time constraints did not permit a full analysis here, but two important things to highlight are that more of the people interviewed in the second round were skeptical about Rio Tinto's true commitment to sustainable development, and many expressed the wish that IUCN proceed slowly, be careful of reputational issues, and not enter a relationship solely for money.

IV Preliminary assessment of commitment to CSR

Rio Tinto has been heavily criticized in the past for environmental, health, social, and human rights issues at many of its operations, notably in Papua New Guinea, Indonesia, and Namibia.

Since the late 1990s, the company has made a series of public commitments to a number of environmental, social and community policies and standards that apply to all managed activities wherever they are in the mining cycle. These policies are generally seen by the

stakeholders spoken to as very ambitious, particularly those for biodiversity. Many of these stakeholders feel the Group has taken a leadership role in addressing environmental issues, and that they are serious about their policies. According to David Richards (Rio Tinto) and Andrew Parsons (ICMM), there is commitment to these policies at a very high level, and most of the other stakeholders spoken to believe this to be the case. Several of the stakeholders spoken to feel that Rio Tinto is one of the top mining companies – or even the top – in terms of sustainable development practice.

The question is whether these policies are actually being implemented into operations, especially older, long-running operations and those that have been particularly contentious. Andrew Parsons and Marielle Canter (Conservation International) believe that they are, and there are corporate-driven systems in place to ensure that the policies are implemented. However, most IUCN members and staff were unaware of this, and several expressed a wish for IUCN to visit operations to see if policies are being implemented.

Along a similar line, the Maplecroft review[20] of Rio Tinto's 2005 *Sustainable development review* noted that while the Group's membership and support for voluntary codes and principles (such as the UN Global Compact) demonstrates a commitment to best practice, no information is provided as to the nature of this support or any activities. They note that "more detail on the nature of the support would increase transparency and credibility on the part of stakeholders". CorpWatch has strongly criticized Rio Tinto for not living up to the principles outlined in the UN Global Compact, specifically at Kelian mine (Indonesia).

There is also the issue of contentious mines. Rio Tinto no longer manages some of these (e.g., Grasberg mine and Lihir mine), and has limited ability to change the practice of the current managing company.

Two stakeholders interviewed in the first round expressed doubts about Rio Tinto's true commitment to CSR. Clive Wicks (member of CEESP) believes that one reason big companies improve their policies is to obtain cheaper finance, and doesn't think that good policy equals good practice. Alberto Saldamando (International Indian Treaty Council) wasn't familiar with Rio Tinto's policies, but questioned whether they were adequate and also essentially said that any new policies don't make up for Rio Tinto's past terrible performance. Several stakeholders interviewed in the second round expressed doubts as well.

V Potential enhancement of IUCN mission or programme

The majority of stakeholders spoken to in the first round of interviews believe that a relationship with a leader in the mining industry such as Rio Tinto would help IUCN achieve its mission of sustainable development, by developing and promoting best practice for Rio Tinto and by demonstrating to other companies that such practice makes good business sense.

Several concerns were raised, however – see section III(D).

Specific ideas for how a relationship could enhance IUCN include:

[20] http://www.maplecroft.com/pdf/rio_tinto2005.pdf

Environment

- could strengthen IUCN's capacity on biodiversity indicators as well as compensation and restoration
- could help achieve implementation of Rio Tinto's biodiversity policies at the business level.
- potential for support by Rio Tinto for specific IUCN on-the-ground conservation activities, including those managed through IUCN regional or county offices
- a direct relationship with Rio Tinto rather than just with ICMM could push forward the industry-wide dialogue on biodiversity (as well as indigenous peoples, mining legacy) as IUCN could perhaps move faster with Rio Tinto than through working with the 15 members of ICMM

Social

- could strengthen IUCN's capacity to assess the social impacts of environmental change
- could help with the design of new approaches for demonstrating that real positive impacts can be achieved (poverty alleviation, benefit sharing, etc): these examples can then be used to influence global policy debates

Mining industry

- improving RT's performance could provide a good model to the industry that others may follow

Lessons to be learned

- could teach IUCN about how to engage with business

VI Methodology

The information in sections I and II was mostly extracted directly from Rio Tinto corporate sources (website, 2005 *Sustainable development review*[21], *Mining and the environment*[22], and other corporate publications). Information in section II also came from conversations with David Richards, Principal Advisor Environment, Rio Tinto, and Andrew Parsons, Programme Director, ICMM. Specific references are provided in some instances, as well as for non-Rio Tinto sources.

The information in section III was generated through internet searches and interviews with IUCN members and staff as well as a representative from Rio Tinto and ICMM. The transcripts of these interviews are provided separately (Appendices A and B).

Internet searches

The following search engines were queried on 7 December 2006:

- Google
- Google News

The following search terms were used:

[21] The 2005 review of Rio Tinto's social and environmental performance: http://www.riotinto.com/library/reports/PDFs/2005_susDevReview.pdf and http://www.riotinto.com/SustainableReview/default.aspx

[22] http://www.riotinto.com/documents/ReportsPublications/corpPub_Environment.pdf

Rio Tinto; Rio Tinto + sustainable development; Rio Tinto + sustainability; Rio Tinto + pollution; Rio Tinto + hazardous waste; Rio Tinto + ozone; Rio Tinto + emissions; Rio Tinto + safety; Rio Tinto + occupational hazard; Rio Tinto + environment; Rio Tinto + human rights

The following websites were also searched using Rio Tinto as a search term:

www.corporatewatch.org
www.montana.edu
www.wbcsd.org
www.economictimes.org
www.sustainability.com
www.ethicalcorp.com
www.domini.com (Domini Social Investments)
www.calvertgroup.com (Calvert Social Funds)
www.winslowgreen.com (Winslow Funds)
www.icmm.com (ICMM)
www.unglobalcompact.org (UN Global Compact)
www.thegreenlife.com (Top 10 greenwashers)
www.conservation.org (Conservation International)
www.nature.org (TNC International)
www.earthwatch.org (Earth Watch)
www.panda.org (WWF International)
www.amnesty.org (Amnesty International)
www.foei.org (FoE International)
www.wildlifetrusts.org (The Wildlife Trusts)
www.iucn.org/themes/ceesp/ (CEESP)
www.mpi.org.au (Mineral Policy Institute)
www.minesandcommunities.org (Mines and Communities)
www.corpwatch.org (CorpWatch)
www.forestpeoples.org (Forest Peoples Programme)
www.laneta.apc.org/rci/ing (Indigenous information network)

Note that www.report.info and the Indigenous Environmental Network website (www.ienearth.org) did not seem to be searchable, and no website was found for MineWatch Asia Pacific. In addition, www.notoxicburning.org is specifically about Holcim, and www.sunstar.com seemed to be about dental products.

In cases where there were many search results for the above-listed websites, only those results dated 2006 or on the first two pages of results were examined.

Further specific searches were performed when a previous search result indicated an issue that seemed worth investigating further.

A second, long-term media was performed of Australian media; see Appendix C for the methodology.

Stakeholder interviews

First round

IUCN members:
Kristal Maze *[not sure of her current details]*
Clive Wicks, Conservation and Development Consultant; Member of CEESP; Co-Chair of SEAPRISE
Richard Cellarius, Vice President for International Affairs, Sierra Club
Martin Hollands Director, Cambridge Centre for Conservation Policy Ltd
Marielle Canter, Manager, Energy & Mining Program, Conservation International

Alberto Saldamando, General Counsel, International Indian Treaty Council
Andrew Parsons, Programme Director, ICMM
James Griffiths, Director Sustainable Forests Products Industry and Biodiversity, WBCSD
Carolina Digby, Eden Project

IUCN staff:
Jeffrey McNeely, Chief Scientist, IUCN
David Sheppard, Head Programme on Protected Areas, IUCN
Joshua Bishop, Senior Advisor Economics and the Environment, IUCN
Jennifer McLin, Corporate Sponsorship and Marketing Officer, IUCN
Hans Friederich, Head Conservation Finance and Donor Relations, IUCN
William Jackson, Director Global Programme, IUCN

Rio Tinto:
David Richards, Principal Adviser Environment, Rio Tinto

Second round

Natarajan Ishwaran, Director, Division of Ecological Sciences, UNESCO
Antonio Claparols, president, Forbes Park Ecological Society of the Philippines
Marcus Colchester, Director, Forest Peoples Programme
Kenton Miller, WCPA Chair emeritus, WRI VP emeritus
Martin Holdgate, former DG, IUCN; former Chief Scientist, UK government
Penelope Figgis, WCPA Regional Vice Chair for Australia / New Zealand
Gonzalo Oviedo, Senior Advisor Social Policy, IUCN
Nik Lopoukhine, Chair, IUCN WCPA
Adrian Phillips, former Chair, IUCN WCPA
James Leaton, Extractive Industries Policy officer, WWF-UK
Michael Rae, CEO, Council for Responsible Jewellery Practices
Christine Milne, Vice-President, IUCN