

Dialogue with Rio Tinto

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On 23 May ECCR representatives including members from the Central Finance Board of the Methodist Church and the Society of St Columban met with Rio Tinto's International and Government Affairs Advisor and Head of Communications and Sustainable Development.

The context of the meeting was ECCR's research and publication of its report *Rio Tinto – Revisiting the Principles*.¹ It was an opportunity for ECCR to find out more about some of Rio Tinto's activities that we had expressed concerns about in the report.

Topics for discussion included what the company is doing to promote transparency through the Extractive Industries Transparency Initiative; how it manages relations with communities living near its operations; and how the company seeks to protect the environment when undertaking controversial projects. An instance of the latter is the recently approved ilmenite project that will involve stripping and eventually replanting littoral forests in Madagascar.

Grasberg

We spent considerable time talking about the controversial Grasberg mine in the Indonesian province of West Papua. The mine is operated by a subsidiary of US company Freeport McMoRan Copper & Gold. Rio Tinto has a 40 per cent interest in the mine's extension project. Although Grasberg managers are trying to improve the mine's image, the project has been associated with environmental degradation and health and safety failures, and its management has been accused of making irregular payments to individuals within the Indonesian security forces, which provide protection for the mine.

ECCR recognises that Rio Tinto is not directly responsible for these problems. But we pointed out during discussions that the company has a responsibility to use its influence to promote responsible business practices on the part of joint venture partners (as stated in the *Bench Marks* framework).²

Rio Tinto emphasised that all allegations around payments were unsubstantiated and then explained a little about how it sought to influence managers at Freeport. This included inviting them to internal Rio Tinto conferences on health and safety, and helping to develop some of the site's health and safety policies. There is informal co-operation on community and environmental issues, with Rio Tinto personnel visiting the Grasberg site several times each year.

Expectations

While ECCR representatives and the company did not agree on all of the issues under discussion, the meeting allowed us to learn more about challenges the company has faced in developing corporate responsibility policies. Of course, we hope the company has taken on board some of our concerns and learned more about the expectations of faith-based and ethical shareholders.

Notes of the meeting are available to ECCR members. We hope that they will be useful to those concerned about the ethics of investing in mining companies.³

A new development?

In July 2006 ECCR was contacted by a family member of one of the people who is likely to be resettled to construct the port which will serve Rio Tinto' Malagasy ilmenite project. We were sent a number of Malagasy press articles criticising the way in which Rio Tinto's QMM subsidiary has handled the resettlement of local farmers and smallholders.

According to one of the newspaper articles, although `farmers were promised two years ago that they would be offered fertile ground in exchange for their land ... it turns out that the peasant farmers have been resettled in sandy areas near the sea ... hundreds of farmers have henceforth been deprived of their main sources of income - i.e. agriculture. Many of them have worked the land in question for several decades in order to make their living, but they have now been left in limbo' (translated from *Madagascar Tribune*, 4 July 2006).

ECCR was not previously aware of these allegations and is looking into them. We will keep members updated as and when we find out more. Meanwhile if you would like copies or translations of any of the newspaper articles, please contact me.

Suzanne Ismail is ECCR's Researcher.

Notes

1. *Rio Tinto - Revisiting the Principles: A Decade of Corporate Responsibility Reviewed*, ECCR, June 2006. Copies of the report are available (£9 for members, £12 for non-members, electronic copies free of charge) from Binia Scherrer (info@eccr.org.uk, tel. 01865 245349) or with the report order form at www.eccr.org.uk/pub_form2.html.
2. *Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance*, ECCR and partners, 2003, section 2.9 (www.bench-marks.org).
3. To obtain a copy of the notes of ECCR's meeting with Rio Tinto, please contact Suzanne Ismail (suzannei@quaker.org.uk, tel. 020 7663 1055).

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