



Decision to include Rio Tinto Plc. and Rio Tinto Ltd. June 2019

Summary

Rio Tinto Plc. and Rio Tinto Ltd. (Rio Tinto) were excluded from KLP and the KLP Mutual Funds in 2008. The background for the exclusion was that Rio Tinto was excluded from the Government Pension Fund Globals (GPF) investments due to severe environmental damage from the Grasberg-mine in Indonesia. ¹ KLP found the recommendation from the Council on Ethics to be reasonable. The *Guidelines for KLP as a Responsible Investor* includes the same criteria for excluding companies due to an unacceptable risk for severe environmental damage, and excluded the company from its investments.

In 2019, the Council on Ethics recommended to revoke the exclusion of Rio Tinto. ²

KLP's analysis

In 2018, Rio Tinto signed a contract to sell its interests in the Grasberg-mine after lengthy negotiations with the state-owned Indonesian mining company PT Indonesia Asahan Aluminium. In December the same year, Rio Tinto published a press release, clearly expressing their intention "*To sell its entire interest in the Grasberg mine in Indonesia to PT Indonesia Asahan Aluminium*". ³

Through dialogue with the Council on Ethics, Rio Tinto has confirmed that their activities at the Grasberg-mine will expire following the sale:

*I can confirm that once the sale of our interests in the Grasberg mine to Inalum has completed, Rio Tinto will not have any role in the activities or operation of the mine. We expect completion to occur in the first half of 2019, subject to receipt of regulatory approvals.*⁴

¹ <https://etikkradet.no/files/2017/02/Tilr%C3%A5dning-RTfinal.pdf>

² <https://etikkradet.no/files/2019/06/Rio-Tinto-PLC-and-Rio-Tinto-Ltd-revocation.pdf>

³ http://www.riotinto.com/media/media-releases-237_26148.aspx

⁴ <https://etikkradet.no/files/2019/06/Rio-Tinto-PLC-and-Rio-Tinto-Ltd-revocation.pdf>



Based on the information of the company's terminated activity at the Grasberg-mine, the Council on Ethics concludes that there are no longer grounds to maintain the exclusion of Rio Tinto. The *Guidelines for KLP as a Responsible Investor* includes the same criteria for excluding companies due to an unacceptable risk for severe environmental damage. KLP finds the recommendation from the Council on Ethics to be reasonable, and have therefore decided to include the company.

KLP's decision

KLP has decided to revoke the exclusion of Rio Tinto Plc. and Rio Tinto Ltd. from KLP and the KLP Mutual Funds' investments from June 2019.