



MINISTRY OF FINANCE



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The Government Pension Fund divests its holdings in mining company

The Ministry of Finance has decided to exclude the company Rio Tinto from the Government Pension Fund - Global due to a risk of contributing to severe environmental damage. There are no indications to the effect that the company's practises will be changed in future, or that measures will be taken to significantly reduce the damage to nature and the environment.

- Exclusion of a company from the Fund reflects our unwillingness to run an unacceptable risk of contributing to grossly unethical conduct. The Council on Ethics has concluded that Rio Tinto is directly involved, through its participation in the Grasberg mine in Indonesia, in the severe environmental damage caused by that mining operation. There are no indications to the effect that the company's practises will be changed in future. The Fund cannot hold ownership interests in such a company, says Kristin Halvorsen, the Minister of Finance.

Rio Tinto Group, an international mining group, is a joint venture partner with Freeport McMoRan Copper&Gold Inc. in the Grasberg mine in Indonesia. Freeport was excluded from the investment universe of the Fund in 2006 at the recommendation of the Council on Ethics, because continued investment in the company was deemed to entail an unacceptable risk of contributing to severe environmental damage.

The recommendation from the Council on Ethics is in large part based on the Council's earlier recommendation in relation to Freeport, and the assessments then made by the Council as to the environmental impact of the mining activities. It is deemed likely that Rio Tinto contributes materially to Freeport's operation of the Grasberg mine in Indonesia. The Grasberg mine discharges very large amounts of tailings directly into a natural river system; approximately 230,000 tonnes or more per day. The discharges will be increasing in future in line with expansion of the mine. Moreover, there is a high risk that acid rock drainage from the company's waste rock and tailings dumps will cause lasting ground and water contamination. The mine is deemed to remain profitable until 2041, which must be expected to result in severe long-term environmental damage in the area. There are no indications to the effect that these practises will be changed in future, or that measures will be taken to significantly reduce the damage to the environment.

The Ministry of Finance has decided, on the basis of the recommendation from the Council on Ethics, to exclude Rio Tinto from the Government Pension Fund – Global pursuant to the Ethical Guidelines for the Fund.

In a letter of 28 April 2008, the Ministry of Finance requested Norges Bank to divest the holdings in Rio Tinto Plc. and Rio Tinto Ltd. by the end of June 2008. The divestment of securities has now been completed. As per year end, the Pension Fund held equities valued at approximately NOK 4,419 million in Rio Tinto Plc. and NOK 430 million in Rio Tinto Ltd. This decision is announced retroactively in order to facilitate the implementation of said divestment.

Read more:

[The recommendation from the Council on Ethics](#)
[Companies Excluded from the Investment Universe](#)

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