



Norwegian fund sells 600m euros of Rio Tinto shares following government ban Rio Tinto accused of severe environmental damage at world's largest gold mine in Indonesia.



by **Hugh Wheelan** | September 9th, 2008

Rio Tinto, the London-listed international mining group, has been put on the investment blacklist of the €267bn Norwegian Government Pension Fund over allegations of serious environmental damage at the world's largest gold mine in Indonesia. The Norwegian Ministry of Finance, which oversees the exclusion of companies from the fund's investment portfolio, said it had been given no indication Rio Tinto would change its policy, despite lobbying the group. As a result, Kristin Halvorsen, Norway's Minister of Finance, said: "The fund cannot hold ownership interests in such a company." The fund has already sold its shares valued at approximately NOK 4,419m (€551m) in Rio Tinto Plc. and NOK430m (€54m.) in Rio Tinto Ltd. Its boycott of Rio Tinto will be followed closely by institutional investors worldwide, many of whom regard its well-researched exclusion decisions as a proxy on companies they should avoid investing in. The Norwegian Council of Ethics, which advises the government and is comprised of a number of Norwegian lawyers, said it was banning Rio Tinto because of its involvement with US company Freeport McMoRan Copper&Gold at the Grasberg mine in Indonesia. Freeport was blacklisted by the Norwegian fund in 2006 over similar allegations of environmental pollution. Rio Tinto operates a production sharing joint venture with Freeport at Grasberg and the Norwegian fund said it was "deemed likely" that the company contributed materially to the mine's operations. The fund alleges that the Grasberg mine discharges approximately 230,000 tonnes of tailings – a mix of ground rock, uneconomic metals and chemicals – directly into a natural river system. It said there was a high risk that acid rock drainage from the company's waste rock and tailings dumps would cause lasting ground and water contamination. It said the discharges were likely to increase in line with expansion of the mine. The mine is deemed to remain profitable until 2041, which the fund said would result in severe long-term environmental damage in the area. The Grasberg mine is believed to be the world's largest gold mine and third largest copper mine. It is located in the province of Papua in Indonesia. It is majority owned through a subsidiary by Freeport-McMoRan, along with its wholly owned subsidiary, PT Indocopper Investama Corporation, the government of Indonesia and Rio Tinto. At the time of going to press, Rio Tinto could not be reached for comment.

[Link to Norwegian Government Pension Fund report on Rio Tinto](#)