FOR IMMEDIATE RELEASE

LAPFF concern over corporate governance failings at Rio Tinto

London 12.00 (BST) LAPFF notes that a second round of Parliamentary inquiries into the destruction of the Juukan Gorge caves took place in Australia last week.

A number of pieces of testimony have highlighted serious concerns about organisational changes that took place at Rio Tinto in 2016. Specifically, these changes centralised decision-making around community engagement in parts of the business that had no real or sustained contact with affected communities. Consequently, decisions around the caves at Juukan Gorge appear to have been taken without adequate community input – this is wholly unacceptable.

Various submissions from organisations such as the Royal Historical Society of Victoria and the Office of the Registrar of Indigenous Corporations also point to legislative failings leading to the destruction of the caves.

LAPFF wishes to make two points in respect of the issues raised above.

First, the organisational issues cited cement LAPFF’s concerns about corporate governance failings at Rio Tinto. While cutting short-term bonuses of senior executives is a symbolic step toward attributing accountability for the tragedy, there is clearly a deeper, systemic governance issue that needs to be addressed more fully and urgently.

Second, the Forum is aware of the legislative deficiencies cited in the latest Parliamentary inquiry. However, Rio Tinto has expressed support for the UN Guiding Principles on Business and Human Rights which state in the commentary to Guiding Principle 11 that,

‘The responsibility to respect human rights is a global standard of expected conduct for all business enterprises wherever they operate. It exists independently of States’ abilities and/or willingness to fulfil their own human rights obligations, and does not diminish those obligations. And it exists over and above compliance with national laws and regulations protecting human rights’.
To this end, LAPFF expects the Rio Tinto board to hold the appropriate parties accountable for Rio Tinto’s failings irrespective of whether adequate state laws and policies are currently in place.

**Cllr Doug McMurdo, Chair of Local Authority Pension Fund Forum, said:**

“With each session of this Parliamentary inquiry, we gain a clearer understanding of the nature of the corporate governance failings that led to the destruction of the caves at Juukan Gorge. I am increasingly concerned that these failings are systemic, which calls into the question the actions and judgment of the company’s main decision-makers. As I have said all along, I expect Rio Tinto to take appropriate and proportionate action in response to the facts and evidence arising from the inquiry at the earliest opportunity.”

ENDS>  

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**About the Local Authority Pension Fund Forum:** The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of 81 public sector pension funds and six pools based in the UK with combined assets of over £300 billion. It exists to ‘promote the long-term investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate responsibility and high standards of corporate governance amongst the companies in which they invest.’ PIRC is the Research and Engagement partner to the Forum @lapfforum https://lapfforum.org/.