

Rio Tinto PLC

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Believe it or not, he's actually staying until a new successor is appointed.

But compared to the original sanction proposed after his company was publicly censured for blowing up a 46,000 year-old aboriginal site, the "mutually agreed" separation of Jean-Sébastien Jacques and Rio Tinto PLC (LON:RIO)(ASX:RIO) is at least a significant stride in the right direction.

But the only real saving grace in this whole sorry situation is that it wasn't just the wider world that looked on with shock and horror at the destruction of the burial grounds at the Juukan Gorge in the Pilbara, it was the mining industry too.

The mining industry knows it has a PR problem. It's known for some time. All new junior and mid-tier companies bake in ESG programmes from their very inception these days. They are budgeted for and taken seriously, and whereas in decades gone by community relations work would always have been tacked on at the end of presentations, investors are keen to hear about it up front. They know as well as anyone else that if a company doesn't have what's now termed "social licence" nothing's coming out of the ground, no matter how valuable it is.

But at the top end, it may be that some companies still think they are just too big to fail. During the apartheid era, Anglo American (LON:AAL) famously controlled much of the land in South Africa, with a legal title that was much stronger than anything you're likely to see in the world today. It took some years after the election of the ruling African National Congress for all that to be unravelled, but although still riddled with imperfections, South Africa's current legal and financial framework does at least testify that cultural change can be wrought both within and without the industry.

Rio's history is slightly less stark. Or to put it another way - the plight of the aboriginal communities in Australia have received a lot less media attention than apartheid did. But that initial advantage may now start working against it. Because the realisation amongst the wider investment community that Rio Tinto's internal processes are so unfit for purpose that not only are they able to green-light the destruction of ancient and sacred aboriginal sites well into the twenty-first century, but they are apparently also unable to see the gravity of allowing such actions to take place.

It's not just the violation of graves - it's the bulldozing of an entire culture. In today's media and social media climate, things are brittle enough. Extra care and attention is needed from companies that make a business of tearing up land for profit, and it's hard enough to do well even when there is social licence. But to walk with eyes wide-open into this PR nightmare and moral disaster zone shows an incompetence and inability to understand the modern world that we all live in that cannot possibly be tolerated at the top of a multi-billion dollar company.

Price: 4590

Market Cap: £57.22 billion

1 Year Share Price Graph



Share Information

Code: RIO

Listing: LSE

52 week High Low
5175 2954

Sector: Mining

Website: www.riotinto.com

Company Synopsis:

Rio Tinto is a leading international mining group that finds, mines and processes the earth's mineral resources. The Group's major products include aluminium, copper, diamonds, energy products, gold, industrial minerals (borates, titanium dioxide, salt and talc), and iron ore. Its activities span the world but are strongly represented in Australia and North America.

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Not surprising that Chris Salisbury, head of iron ore, is to leave at the end of 2020, with nor that corporate relations director Simone Niven is also stepping down.

But will it be enough? Why were there no whistle blowers lower down the chain of command? The impression given is that there is need of wholesale root and branch reform.

Broker SP Angel this morning highlighted a report in the Australian financial review that referred to "multiple unethical and unprofessional failures" inside the company, as reported to the board of directors by a leadership consultant called Blackswan, failures which dated back to at least 2017. Where were the non-executive directors in all this? Apparently nowhere. Where were the appropriate governance procedures. Where indeed is the evidence that Rio Tinto is operating in the twenty-first century and not the nineteenth century?

The original project that the company is named after, the Rio Tinto mine in Southern Spain, remains an apocalyptic stain across miles and miles that country's landscape. Mining's legacy scars are deep enough already.

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