

Rio Tinto CEO and senior executives resign from company after Juukan Gorge debacle

In a statement to Australian Stock Exchange the company confirms move that follows the blowing up of 46,000-year-old caves in Western Australia



Rio Tinto's outgoing chief executive Jean-Sébastien Jacques, who is leaving the company along with two other senior executives. Photograph: Hannah McKay/Reuters

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The Rio Tinto chief executive, Jean-Sébastien Jacques, and two other senior executives are leaving the global miner after its board bowed to intense investor pressure for strong action over its decision to blow up 46,000-year-old rock shelters at Juukan Gorge in Western Australia's Pilbara region.

Rio Tinto said Jacques was leaving "by mutual agreement" with the board.

The iron ore head, Chris Salisbury, and the corporate affairs boss, Simone Niven, will also depart, the company said on Friday morning.

The move came after a week in which investors queued up to denounce as inadequate the board's previous decision to cut the executives' short-term bonuses in response to the scandal and the head of an Australian parliamentary committee looking into the affair raised concerns that the company had given the inquiry misleading evidence.

Despite leaving the company all three would continue to be entitled to long-term bonuses, Rio Tinto said.

The company blew up the rock shelters, which were highly significant to the area's Aboriginal traditional owners, the Puutu Kunti Kurrama and Pinikura people, in May, so that it could mine better quality iron ore, despite knowing for years of their importance.

In response to an outcry from Indigenous groups and investors, Rio Tinto's board conducted a review of the decision, which led to the reduction in bonuses.

"While there is general recognition of the transparency of the board review and support for the changes recommended, significant stakeholders have expressed concerns about executive accountability for the failings identified," the company said.

Investors have welcomed the decision. Ian Silk, the chief executive of Australia's biggest superannuation fund, AustralianSuper, said he was "satisfied that appropriate responsibility has now been taken by executives at Rio Tinto".

"Rio can now work with traditional owners to guarantee that its processes are appropriate for the protection of culturally important sites and that it has the right internal accountabilities," he said.

The Australasian Centre for Corporate Responsibility welcomed an end to the "dishonest malaise of Rio Tinto's board and senior management", James Fitzgerald said.

"Shareholder democracy and investor action is alive and well in Australia. Corporate captains may think twice before attempting to mislead investors, not to mention a parliamentary inquiry, in future."

The National Native Title Council welcomed Rio's actions but said the company must make "structural change" to make sure a disaster like Juukan didn't happen again.

"There is more work to be done," said the NNTC's chief executive, Jamie Lowe. "The law needs to be strengthened. We can't rely on the goodwill of mining companies, we need the law strengthened. We can't rely on their word that things will get better."

The Australian Council of Superannuation Investors, which advises 38 large super funds on governance issues, welcomed the departures but said the process had been "drawn out".

"Rio Tinto now has the opportunity to address the necessary remediation, cultural heritage and risk processes with fresh eyes," said ACSI's chief executive, Louise Davidson.

"Rio Tinto must prioritise working with traditional owners the Puutu Kunti Kurrama and Pinikura people to rebuild their relationship. It is critical that this is not delayed."

In a move that recognised that the board has lacked engagement with Australian issues, the company will also promote from non-executive director to senior independent director the executive responsible for oversight of its Australian-listed arm, Rio Tinto Limited.

Sam Laidlaw will continue as senior independent director responsible for the British half of the group, Rio Tinto plc.

Davidson said ACSI was pleased to see Rio Tinto's board recognise it needed to be more connected to Australia. "This work will be ongoing and must be a feature of future appointments to the board.

"We will also be looking closely at the separation arrangements, with the expectation that any exit won't provide a windfall for executives on their departure."

Rio Tinto's chairman, Simon Thompson, said: "What happened at Juukan was wrong and we are determined to ensure that the destruction of a heritage site of such exceptional archaeological and cultural significance never occurs again at a Rio Tinto operation.

"We are also determined to regain the trust of the Puutu Kunti Kurrama and Pinikura people and other traditional owners.

"We have listened to our stakeholders' concerns that a lack of individual accountability undermines the group's ability to rebuild that trust and to move forward to implement the changes identified in the board review."

Jacques will remain in his role until a successor is found or 31 March next year, whichever is earlier. Salisbury and Niven stepped down from their positions on Friday and will leave the company on 31 December.