



**IBLF**  
THE PRINCE OF WALES  
INTERNATIONAL BUSINESS  
LEADERS FORUM

## **Making a Difference**

Exploring Issues in Partnering Practice

# **Rio Tinto: Tackling the Cross-sector Partnership Challenge**

**“** *We did not understand early enough that relationship-building competencies would be at the core of what makes a first class mining company. We know now... that the so-called ‘soft’ skills are, in fact, ‘hard’ skills: hard to acquire and hard to practice. They are essentially people skills and... they must be integrated into the core competencies of any enterprise that wishes to grow.* **”**



**the  
partnering  
initiative**

## About the IBLF

The Prince of Wales International Business Leaders Forum (IBLF) is a not-for-profit organisation established in 1990 to promote responsible business leadership and partnerships for sustainable international development. With a membership of over 80 companies from around the world, IBLF works in more than 60 countries mobilising visionary leadership and engaging the capabilities of companies in creating innovative partnerships and sustainable development solutions.

[www.iblf.org](http://www.iblf.org)

## About The Partnering Initiative

The Partnering Initiative is a global programme of the IBLF in association with the University of Cambridge Programme for Industry. The Partnering Initiative focuses on advancing and disseminating cutting-edge knowledge and methodologies for effective cross-sector partnerships for sustainable development.

[www.ThePartneringInitiative.org](http://www.ThePartneringInitiative.org)

## Disclaimer

The views, observations, conclusions and recommendations in this report are those of the authors and the people they interviewed, are intended to inform and stimulate debate, and do not necessarily represent the views or formal position of IBLF or its supporters or partners.

## About This Paper

This paper explores one multi-national corporation's adoption of cross-sector partnering as a key element in building a sustainable and successful company. It examines how Rio Tinto has moved systematically from a number of somewhat ad hoc sponsorship arrangements towards a coherent community engagement programme and, more recently, a series of strategic partnerships with NGOs and others (see list of partners on page three). What emerges is a picture of increasing subtlety, complexity and sophistication within a range of medium to long-term relationships that yield multiple (and often unexpected) benefits to all parties, even beyond the immediate partnership relationships and projects.

Since 1992, The International Business Leaders Forum (IBLF) has been developing its own leadership role in promoting and supporting cross-sector partnerships as a vehicle for effective and efficient sustainable development – and since 2004, through its global programme, The Partnering Initiative. Rio Tinto and IBLF's partnership learning curves run parallel to each other; they have, in fact, directly impacted each other for more than a decade, as will become clear. In writing this paper, we (the authors) fully acknowledge a close, iterative, important and on-going relationship with Rio Tinto that is at the heart of our own partnering work.

To produce this paper, we have conducted a series of structured conversations with eighteen key 'informants' that include Rio Tinto staff (past and present) as well as key players from some of their partner organisations<sup>1</sup>. To add history and depth to these conversations, we have also drawn material from selected written documents and speeches as well as a recent documentary produced by the BBC (Radio 4) on Rio Tinto's work in Madagascar.

Whilst most of the paper is constructed as closely as possible around the views of those consulted, any analysis of, or deductions from, those views are entirely those of the authors.

### Sasha Hurrell

Knowledge Manager, The Partnering Initiative, IBLF

### Ros Tennyson

Director, The Partnering Initiative, IBLF

<sup>1</sup>. The authors wish to thank the Rio Tinto staff, consultants and partners for their willingness to share their views.

## Early Days...

*“Perhaps we didn’t see early enough the need to align our technical and engineering skills with those concerned with relating to our own people as well as to our own and other communities. It’s not that we have been blind to changing social attitudes. Rather, we did not understand early enough that relationship-building competencies would be at the core of what makes a first class mining company. We know now this was wrong. We know that the so-called ‘soft’ skills are, in fact, ‘hard’ skills: hard to acquire and hard to practice. They are essentially people skills and we now know that they must be integrated into the core competencies of any enterprise that wishes to grow.”<sup>1</sup>*

This 1995 keynote speech marks the beginning of a shift in mindset for Rio Tinto in its approach to engaging with a wider range of stakeholders. Until that time, the community donations programme (largely sponsorship of educational and arts activities) had achieved limited levels of long-term relationship building. It also tended to be closely aligned with one key contact rather than being embedded within the organisations themselves and mainly took place in the company’s HQ countries (the UK and Australia) rather than in relationship to the mine sites themselves: *‘The rationale behind this type of engagement had got lost over time. The knowledge of any one programme rested with a few individuals and the programme had limited interaction and little rationale to the business.’*<sup>2</sup>

At the same time, as key staff freely acknowledge, the company was suffering from a negative reputation – and it was clear that the community donations approach was doing little to change that reputation or provide other forms of corporate value. *‘Building a better reputation was a huge driver for our move through long-term engagement with environmental organisations towards a partnership approach - some programmes were triggered precisely to respond to environmental concerns of local communities and other stakeholders.’*<sup>3</sup> A key issue for the company was that there was a considerable

### Box 1: Rio Tinto’s Current Partners, Trusts, Funds and Foundations

#### Partners

Australian Museum  
Australian National University  
Australian Science Innovations  
BirdLife International  
British Trust for Conservation Volunteers  
Centre for Appropriate Technology  
CEPMLP Dundee University  
Conservation International  
Conservation Volunteers (Australia)  
Deakin University  
Earthwatch Institute  
Fauna and Flora International  
Mitchell Library  
Royal Botanic Gardens Kew  
The Eden Project

UNEP WCMC

Worldwide Fund for Nature (Australia)

#### Trusts/Funds/Foundations

Coal and Allied Community Fund  
Comalco Community Fund  
Rio Tinto Aboriginal Foundation  
Rio Tinto Coal Australia Community Development Fund  
Blair Athol Coal Community Development Fund  
Kestrel Mine Community Development Fund  
Tarong Coal Community Development Fund  
Rio Tinto WA Future Fund

As of August 2006

disparity between its actual health and safety measures (which improved quite dramatically in the late ‘80s and early ‘90s) and public perception of the company’s performance in these critical areas.

## Creating Change...

It was decided that most of the sponsorship relationships would be phased out and a new approach would be phased in. This process took two to three years with considerable investment in the relationship management aspects involved. The new approach, it was agreed, would focus on non-traditional relationships that were:

- Strategic
- Longer-term
- Mutually beneficial
- More closely aligned with business objectives
- Linked directly to areas of operation
- Likely to engage employees directly or in terms of their perceptions of ‘value added’
- Global in nature, as befits a major international company.

In the early ‘90s, ‘a *dialogue with NGOs would have been unthinkable*’<sup>4</sup> and ‘*even sitting in the same room*

1. Leon Davis, CEO of CRA Ltd. (prior to merger with RTZ Corporation plc) in an address to the Australian Institute of Company Directors, 1995

2. Andrew Vickerman, Head of Communication and Sustainable Development, Rio Tinto, UK

3. Dorothy Harris, Corporate Relations Adviser, Rio Tinto, UK 1986-2002

4. John Senior, Head of Community Affairs, Rio Tinto, UK, 1991-98

## Box 2: IBLF/Rio Tinto – Parallel Learning

Since 2001, Rio Tinto has supported 14 of their own staff and 11 staff from their partner organisations on either:

- The **Postgraduate Certificate in Cross-Sector Partnership** – a one-year, part-time thought leadership course run by the University of Cambridge in collaboration with the IBLF; or
- The **Partnership Brokers Accreditation Scheme** – a professional skills training programme for those operating as internal or external partnership brokers – run by the UK's Overseas Development Institute and the IBLF.

Since 2003, the **International Business Leaders Forum** has been responsible for conducting a number of partner relationship reviews on behalf of Rio Tinto and six of its UK-based NGO partners.

Since 2004, Rio Tinto has provided on-going, core financial support for the IBLF's global programme **The Partnering Initiative** as well as part-funding for **The Brokering Guidebook** and **The Case Study Toolbook**.

In 2004 and 2005, **Ros Tennyson** (co-author of this paper) facilitated a number of partner workshops for Rio Tinto and partners in the UK and Australia.

*would have been a huge achievement'*<sup>5</sup>, so this represents a significant shift both in terms of internal culture and external perceptions. Given that it was such a huge shift in thinking and practice, there were clearly no templates or established partnering procedures in place, so *'everything had to be evolved from first principles'*.

### First Steps...

In 1995, prompted by an IBLF workshop held in Rio de Janeiro, Rio Tinto held its own first partnership workshop in Brazil in the community surrounding one of its mines in the north of the country. At around the same time, the company published its Community Policy designed to formalise its community engagement work and to build a more consistent and robust approach to this important issue throughout the group. *'Once we adapted a community policy it was clear that this needed a global approach in order to be coherent and co-ordinated.'*<sup>6</sup> The Community Policy (still in place today) established three core principles of engagement: mutual respect, active partnership, and long-term commitment.

The next challenge was to identify the main stakeholders so that the community engagement programme

5. Helen Fenney, Consultant to Rio Tinto, Australia since 1994

6. John Senior (as above)

could more directly address the priorities and concerns of this group. *'Since we are not a consumer goods company, the general public is not a major stakeholder for us. Our key stakeholders are investors; shareholders (both individual and institutional); governments and regulators; communities in which we operate and opinion leaders who themselves influence other audiences including the media and NGOs.'*<sup>7</sup>

A parallel path was being taken in Australia (the location of 51% of the company's operations): *'We knew we had to get out there and engage more actively with people that are important to our business. To do this we did some stakeholder research, which was a great way of having conversations with lots of people who mattered to us.'*<sup>8</sup>

In the UK, these stakeholder consultations identified bio-diversity, water and human rights as key issues. In Australia, the key issues were identified as the environment and education. A further central issue also emerged – that of creating positive and sustainable working relationships with indigenous communities. In Australia, Rio Tinto has worked with indigenous communities to develop a number of successful partnership programmes.<sup>9</sup> *'We have to find ways of reconciling our activities with indigenous communities who often host the mining developments but whose interests have too often been neglected, firstly, by their own governments but also by industry as well.'*<sup>10</sup>

### New Partners...

Early partner relationships, largely but not exclusively with a number of environmental NGOs, were not easy to establish for a number of reasons including:

- The partners' initial preference for a sponsorship arrangement since this tended to require lower levels of relationship management, more direct control and funds could be dedicated to established projects
- Concerns about the underlying motivations of the company – was this simply 'greenwash' or 'cheap PR'?
- Unwillingness of some staff and / or members and / or donors of their organisations to be seen to be collaborating with a mining company

7. Andrew Vickerman (as above)

8. Karin Lorenzon, Principal Advisor, Corporate Relations, Rio Tinto, Australia

9. Rio Tinto received the inaugural Prime Minister's prize for Corporate Leader in Indigenous Employment in 2002.

10. Leigh Clifford, Chief Executive, CMMI Congress, Cairns, 2002

- Lack of experience / skills / confidence in working with the corporate sector.

The partner organisations had their share of sceptics and staff in partner organisations still comment on how hard it can be *‘to convince some Rio Tinto operations managers, who have tough performance targets to meet, that “this stuff” also really matters.’*<sup>11</sup>

Considerable time was invested in exploring the potential for collaboration, specifically in building a level of trust that made commitment on both sides possible. But this was not all, *‘since there was no precedent for these types of relationships, a huge amount of time was spent on issues such as tax implications and legal matters. It wasn’t simply a matter of relationship building.’*<sup>12</sup>

Nevertheless, initial programmes of work with partners quickly acquired quite a different flavour to former types of intervention. The relationship with the Royal Botanic Gardens at Kew, for example, grew out of the need to collect rare specimens along the route of a mine road in Indonesia. The Earthwatch Fellowship Programme enabled selected Rio staff at all levels of the company to understand the environmental implications of the company’s work by becoming involved in scientific studies on site. The collaboration with Conservation International focuses on the provision of advice and information on biodiversity issues for Rio Tinto to integrate in their mining operations. The Birdlife Partnership established a series of annual ‘bird watch’ days for employees, their families and local communities in specific locations to raise awareness of the vulnerability and importance of the natural environment.

## Reaching Agreement...

---

*“Getting to know one another can be a longer process than you expect. In Rio Tinto’s case it has taken us anywhere from one year to five years to get a formal agreement in place. But we are committed to partnerships that really add value to both sides and that are going to work over time and that can build in a number of directions. For us, developing an appropriate partnership agreement with each partner is a central part of the partnering process.”*<sup>13</sup>

---

11. Jonathan Stacey, Partnership Manager, BirdLife International

12. Dorothy Harris (as above)

13. John Hall, Corporate Relations Manager, Rio Tinto, UK

Rio Tinto partnership agreements are quite complex documents since they seek to clarify all the main aspects of the partnering relationship. To this end they include: the partnership’s objectives and activities; deliverables; agreed communications and review arrangements as well as a number of detailed technical aspects. Essentially the agreement also separates the relationship from project(s) enabling the relationship to evolve into new areas of collaboration over time: *‘This separation is a key success factor in Rio Tinto’s increasingly complex partner relationships.’*<sup>14</sup> It is clear that these types of agreement have allowed many of the partnerships to become multi-dimensional in nature.

## Management Issues...

It quickly became clear that these new types of collaboration required new professional skills and competencies. In Australia an external consultant has acted as a ‘partnership advisor’ to Rio Tinto since 1994. In both Australia and the UK, the new role of ‘partnership manager’ has been developed where Rio Tinto funds or part-funds a post within the partner organisation dedicated to the management of the partner relationship. Rio Tinto’s investment in building professional skills in terms of partnership management and development has, in the view of all those questioned, been invaluable.

These partnership managers face a number of challenges, including:

- Internal communications and organisational engagement
- Inter-agency information sharing
- Communicating with wider stakeholders
- Using the partnership to influence policy makers, donors, other corporates and other NGOs
- Managing the relationship maintenance aspects alongside the project delivery aspects
- Getting the balance right between ‘vision’ and ‘business’ – e.g. at steering group meetings
- Building a long-term committed relationship that avoids either complacency or dependency.

A more recent development is that a number of the partner organisations have decided to work together in helping Rio Tinto to implement their bio-diversity strategy at operational levels. By doing so, they hope to speed up the pace of change, maximise impact and avoid duplication or fragmentation.

14. John Hall (as above)

**Box 3: Benefits of Partnership**

For Rio Tinto	For Partner Organisations
Enhances the company's reputation	Contributes to the core mission of the organisation in new ways
Access to land and an increased licence to operate	Access to new locations and networks
Helps to mitigate risk	Involvement in a more integrated approach and a far wider range of activities
Access to specialist expertise	Financial support for projects
Greater capacity to work with communities and access local information	Greater capacity for research, training and education
Building corporate values and capacity of staff	Building capacity of individual staff and institutions
Greater credibility with key stakeholders and leverage with other NGOs	Greater credibility and leverage with other corporations
Opportunities to engage with external stakeholders in new ways	Builds more innovative / 'out of the box' approaches to priority issues

Source: Rio Tinto staff and partners

**Undoubted Benefits...**

*"It is clear from recent independent research that Rio Tinto's standing amongst those who matter to us is much better than it was ten years ago. I believe this finding is correct and that our on-going work with partners has contributed to that change in terms of their help in developing the company's bio-diversity strategy, engaging in essential awareness-raising and conservation with our colleagues at environmentally sensitive sites and in our work with the indigenous and local communities where we have operations."*<sup>15</sup>

But the benefits go considerably beyond that of enhanced reputation. Both Rio Tinto and their partners cite many benefits that their partnerships have accrued over time (see Box 3).

*"As well as increasing our access to important areas for biodiversity conservation and helping us to mobilise wider human resources into our work, this partnership has given us an opportunity to understand the extractive industry as a key player that has a very significant interface with the environment. We have*

15. Andrew Vickerman (as above)

*much better insight now than we have ever had. Our partnership with Rio Tinto has been a great opportunity for us to assist them to modify their environmental behaviour. Of course, one of our real challenges now is to be able to demonstrate this in measurable terms."*<sup>16</sup>

**Not Without its Challenges...**

No one we consulted said that the process of developing partnerships of this complexity and value was easy. Indeed, several expressed surprise at how much longer it took to establish the current levels of trust and familiarity than they expected. Early challenges for both Rio Tinto and partners included:

- Difficulties in establishing the right access points
- Lack of time and commitment from key staff members
- Lack of clear definition of the partnership's hoped-for outputs
- Difficulties in internalising the partnership within the partner organisations
- Fitting the partnership approach within the prevailing organisational culture
- Intra- and inter-organisation communications (in terms of both frequency and appropriateness).

16. Jonathan Stacey (as above)

Many of these challenges have been addressed, sometimes quite differently within the many different partnerships. All those consulted recognise that their partnerships had grown and developed, in some cases overcoming some really quite difficult obstacles. But nothing stays still – expectations change, the external situation makes new demands, staff move on – so there are always further challenges for both Rio Tinto and partners to face. At present, these include:

- Continuing difficulties of breaking down stereotypes about NGOs or business within the wider stakeholder groups of either party
- Creating workable decision-making procedures (with business and NGOs operating on sometimes radically different timescales)
- Maintaining equity between partners with different levels of financial or reputational ‘muscle’
- Embedding both the partnership and project work more systematically within the partner organisations
- Managing the increasing quantity of staff involved (in terms of both information flow and quality of engagement)
- Discrepancies between policy at HQ levels and implementation at operational levels.

---

*“We’ve learned the lessons from the past, but we’ve gone further. We’ve had widespread consultations, we’ve listened to people, the community, international organisations and the governments, and we’ve taken their views into account, for example with regard to our plans for the new port, we’ve now changed its location. We have created a conservation zone. Yes, image and reputation are important but this isn’t just about that. It is also very important to have an approach that takes into account the needs of the local people, socially and environmentally. We’ll be here for more than 40 years or more, so we need to create a really good investment climate.”*<sup>17</sup>

---

17. Ny Fanja Rakotomalala, Rio Tinto subsidiary QMM Regional Director, Crossing Continents, BBC World Service

## Next Steps...

---

*“With both the external environment and the internal drivers changing all the time, our engagement with partners needs to be flexible enough to respond as necessary. In any case, it’s important at this stage of our partner relationships to be focussed on sustainable outcomes rather than sustainable partnerships. We aim to build a set of inter-dependent not dependent relationships. Our partners increasingly understand this and we will no doubt work out together what happens next.”*<sup>18</sup>

---

Now the company is ready to move even further with its partnership approach – and is aiming to create similar partnering arrangements with a number of social development NGOs and agencies. It believes that it can build on the ten years experience of partnering with environmental NGOs, UN agencies and universities and bring this experience into a new arena.

---

*“Working in partnership is a much harder, more intensive method in comparison to other forms of corporate engagement. The benefits, however, are potentially much greater and more sustainable using a partnership approach. Some unexpected outcomes, such as access to people of influence or to new networks, can add real additional value.”*<sup>19</sup>

---

However, there is also a view in the company that the term ‘partnership’ itself needs to be used sparingly since it is clearly not the only form of cross-sector engagement: *‘We need to avoid becoming obsessed with partnership for partnership’s sake. It’s one form of engagement, and sometimes other forms of engagement (including sponsorship) can be hugely valuable. If we talk just about the things we are doing in partnership it belittles a lot of what has been going on perfectly successfully at the local level for a very long time.’*<sup>20</sup>

So this is clearly still a ‘work in progress’.

18. Sarah Basden, Corporate Relations Adviser, UK

19. Andrew Donnelly, Project Manager, Australian Museum

20. Andrew Vickerman (as above)

## Has it Made a Difference?

The staff in Rio Tinto and in the partner organisations we consulted have no doubts at all that the partnerships have been valuable – perhaps beyond initial expectations (but then initial expectations may have been quite low since this was such new territory for all concerned). They express surprise that beyond impacts at project and programme levels, the partnerships have had considerable influence on the organisations involved in terms of systems, culture and behaviour. In many cases, staff and other stakeholders within the organisations have moved from positions of scepticism (even hostility) to acceptance (even engagement).

Has it made a difference to sustainable development? It is probably still too early to say, but there is plenty of anecdotal evidence that it has – and evidence is beginning to emerge that is more than anecdotal. The company places considerable focus now on measuring the tangible impacts of its community engagement activity. Their 2005 Sustainable Development Review outlines how the company measures their performance against sustainable development policies. As well as providing figures on its community contributions according to the London Benchmarking Framework, it also reports in accordance with the Global Reporting Initiative's Sustainability Reporting Guidelines in areas such as economic, social and environmental performance.<sup>21</sup>

Perhaps the realisation of the potential scale of impact of partnerships with Rio Tinto only became apparent to partner organisations when they began to recognise that they would more effectively achieve their missions by strategically influencing the operations of the company, rather than by simply asking for donations on a project-by-project basis. The company, after all, has access to more than 22,000 square kilometres of the earth's land mass (of which it only mines 7%, leaving large areas of remote land rich in biodiversity available for responsible management and serious conservation attention), 35,000 employees and an incalculable number of individuals living in the local communities where the company is active.

**“ It's the desperately poor... who welcome a mine on almost any terms. Historically they are the people who have been easy prey to low wages and bad working conditions. For years it didn't matter how ruthlessly a company operated out in Africa or Indonesia... Now the new, improved environmentally and socially aware Rio Tinto has virtually neutralised opposition. Instead of fighting environmentalists, they've brought them on board, consulted them, co-opted them, and hired them. ”**<sup>22</sup>

There is clear evidence of a new approach becoming more institutionalised in both the company and in its partner organisations. There is a growing confidence in the positive impact of these partnerships on sustainable development – even from erstwhile sceptics (the recent BBC World Service report makes this clear). As we know, sceptics and critics have their place, they urge us all to review what we are doing and to set new goals for even greater achievements. Their rigour is to be welcomed – as long as they are also willing to acknowledge when change for the better has occurred.

21. Rio Tinto, 2005 Sustainable Development Review, Global Commitment with Local Solutions, assured and verified by the consulting firm Environmental Resources Management (ERM)

22. Reporter, Crossing Continents, BBC World Service

### Published by:

International Business Leaders Forum  
15-16 Cornwall Terrace, London, NW1 4QP, UK  
Copyright © 2006 IBLF  
September 2006