

BANK OF MONTREAL
SUZANNE DUNCAN
SENIOR MANAGER, ENVIRONMENTAL, SOCIAL & GOVERNANCE
VIA EMAIL CORPORATE.RESPONSIBILITY@BMO.COM

SUBJECT: UPDATE AND REQUEST FOR ACTION ON RIO TINTO'S JADAR LITHIUM MINE, SERBIA

14th July 2022

Dear Ms. Duncan,

Further to our letter of December 2021, we are writing to provide you with updated information in regard to Rio Tinto's proposed Jadar lithium mine in Serbia; in the context of the release of the company's transcript¹ from its May 5th 2022 AGM meeting. In light of this new information we urge you as a financier of Rio Tinto to demand the company respect the Serbian government's decision to cancel the proposed project and cease their efforts to pursue it.

The 'Jadar' proposal was canceled by the Serbian government on January 20th 2022, with prime minister Ana Brnabic reassuring the Serbian people that "All decisions (linked to the lithium project) and all licenses have been annulled [...] As far as Project Jadar is concerned, this is the end."² This was due to the significant public pressure and nationwide blockades in opposition to the project.³ However, when asked about the project at its May 2022 AGM, Rio Tinto stated: "we very much hope that we will be able to discuss all of the options with the government of Serbia now the elections are out of the way."⁴ This statement has been widely interpreted as meaning that rather than respecting the government's decision, the company intends to lobby for the cancellation of the mine to be overturned.

As news of this statement arrived in Serbia, resentment against Rio Tinto only grew. Citizens felt the company was imposing itself by disrespecting a government decision provoked by citizens and civil society organizations alike.

Rio Tinto claims that its licenses were revoked "because of concerns about the environmental impact on the local community." Yet at the same time the company states it has conducted "extensive consultations" with those communities. Rio Tinto has been in Serbia for almost 20 years. This means that it has had plenty of time and every opportunity to gain the trust of the locals but has failed. To now claim that it "certainly understand[s] the concerns" puts into question whether the company ever had a social license to operate in the area. The local landowners association 'Ne Damo Jadar' has no interest in negotiating with the company, while at Mars sa Drine we are mapping strategic litigation opportunities showing that if the law is applied, the proposal can never be realized.

¹ <https://www.dropbox.com/s/8649jsgazc4i7uc/RT%20AGM%202022%20transcript.pdf?dl=0>

² <https://www.reuters.com/business/retail-consumer/serbian-government-revokes-rio-tintos-licences-lithium-project-2022-01-20/>

³ <https://www.theguardian.com/world/2021/dec/05/rio-tinto-lithium-mine-thousands-of-protesters-block-roads-across-serbia>

⁴ <https://www.reuters.com/business/rio-tinto-keen-restart-talks-stalled-serbian-lithium-project-2022-05-05/>

In the leadup to the mine's cancellation, several organizations were able to prove irregularities in the spatial plan⁵ and the EIA procedure.⁶ Rio Tinto acknowledged this when it stated at the AGM that "the fourth objective is to strengthen our social license. We are focused on listening and resetting relationships...." As often is the case, this statement only touches the tip of the iceberg. While Rio Tinto has been unsuccessful in obtaining a social license and tried to operate without one, the majority of irregularities are endemic to the proposal and can not be mitigated. Involuntary resettlement is a central point of tension. Obtaining free and informed consent at a time when all options are still open (aka 'social license') is not an option Rio Tinto has been pursuing since the company keeps imposing itself when locals and citizens throughout Serbia have repeatedly said 'no' to its proposal.

Mr Vucic was re-elected as Serbia's President in April 2022 based on the promise that the Jadar proposal had been canceled. Meanwhile a citizens' initiative asking for a national ban on lithium and borate extraction gathered over 36,000 notarized signatures⁷ and has been submitted to parliament for deliberation after the summer break. And public awareness against Rio Tinto's proposal keeps growing: 466,000 Serbian and European citizens have signed petitions calling for the cancellation of the 'Jadar' mine. Opposition will only get stronger should the company return.

Financiers of Rio Tinto should consider the likely outcomes of a scenario where the company pushes forward with this project in the face of this community opposition. In terms of political risks alone it is worth noting that the strength of the demonstrations forced President Vucic, a man known for his unbowing determination, to his first U-turn since coming to power. Imagine what this force would do in the event of forced resettlement or expropriation; particularly given the importance of land and property within the context of the recent experience of war.

For your information here the official government documents confirming the cancellation:

1. [The Government decree](#) for the cancellation of the Special Purpose Spatial Plan - Jadar, the legal basis for the Jadar project.
2. [The cancellation](#) of the Jadar Project working group
3. [The cancellation](#) of the EIA procedure.

In the past we have written to you calling on your bank and all financiers of Rio Tinto to conduct meaningful, time-bound engagement with the company and insist it fully addresses the human rights and environmental issues presented by the Jadar mine. With this in mind we hope that this update will be useful. Given the company's statements at its AGM, we now additionally encourage financiers to demand Rio Tinto explicitly commit to respect the Serbian government's decision

⁵ <https://www.pakt.org.rs/sr/2016-05-18-09-48-28/300-grad-loznica-legalizuje-ppppn-jadar>

⁶ https://www.dropbox.com/s/6gi8e4moijeq2q7/%C5%BDALBA_%20OBIM%20I%20SADR%C5%BDINA_%20RT_15.9.2021.%20copy.docx?dl=0

⁷ <https://www.euronews.rs/srbija/drustvo/43261/kreni-promeni-vise-od-32000-gradana-potpisalo-narodnu-inicijativu-protiv-iskopavanja-litijuma-i-bora-vest>

and abandon the project, including abandoning any private lobbying of the government to change its decision.

If Rio Tinto proceeds with this project, financial institutions that continue to support the company will be seen as ignoring civil society efforts and government decisions. In the short, medium and long run a decision by Rio Tinto to push the project will amplify the endemic problems this proposal is facing and will lead to more conflict. With this letter we wish to ensure you are fully aware of the challenges at play.

We would welcome a response confirming whether you have engaged or plan to engage with Rio Tinto on this issue and setting out details of this engagement. If you would like to discuss the matter further or require any further information, do not hesitate to contact us.

Best regards,
Bojana Novakovic
on behalf of the Mars sa Drine collective
www.marssadrine.org

Ryan Brightwell
Director Communications & Research
BankTrack (www.banktrack.org)