

BANKTRACK

For the attention of:
Ted Pick
Chairman and CEO
Morgan Stanley
United States
Delivered by email

Subject: Updated risk briefing on Rio Tinto's Jadar Project and request for action to address concerns

8th May 2025

Dear Ted Pick ,

I write to bring your attention to an updated risk briefing titled "Mining for Trouble: A Wake-Up Call for Banks and Investors", published on April 3, 2025, by Marš sa Drine in collaboration with BankTrack, and attached with this letter.¹ This report documents serious and mounting risks associated with Rio Tinto's proposed lithium-borate mine in the Jadar Valley, Serbia (the "Jadar Project").

The report serves as an update to the previous report titled "In The Mire: Risks to Banks and Investors from Rio Tinto's planned Jadar Mine Project in Serbia".² In light of this, the purpose of this letter is to alert Morgan Stanley to the key findings presented in the report, and to request confirmation of the action that the bank is taking to ensure it meets its human rights and environmental responsibilities in relation to the project and the company.

Environmental degradation

The development and operation of the Jadar Project poses significant risks to the environment, including water, soil, biodiversity, and areas of great historical and cultural significance. According to scientific studies cited in our report, the establishment of the Jadar Project risks contaminating groundwater reserves in western Serbia. This will threaten the water supply for an estimated 2.5 million people. It is also shown how exploratory drilling conducted by Rio Tinto was already causing elevated levels of boron and arsenic in water.

Furthermore the University of Belgrade Faculty of Biology (the "Faculty") issued a statement on September 6, 2024, rebuking misrepresentations made about their independent scientific findings in Rio Tinto's Draft Environmental Impact Assessment Studies (the "Draft EIAs"). Contrary to the conclusions drawn in the Draft EIAs, the Faculty clarified in the statement that the "optimal and basic measure to prevent a negative impact on the state of biodiversity in the said areas" is for Rito Tinto to "abandon the planned exploitation and processing of jadarite minerals".

¹ Marš sa Drine and BankTrack, "[Mining for Trouble: A Wake-Up Call for Banks and Investors](#)", April 2025.

² Marš sa Drine and BankTrack, "[In The Mire: Risks to Banks and Investors from Rio Tinto's planned Jadar Mine Project in Serbia](#)", April 2023



State repression and intimidation against project opponents

The breadth of documented serious risks to the environment has seen the Jadar Project facing fierce and escalating public opposition, with hundreds of thousands of protestors across 50 cities mobilising across Serbia in 2024 to demand its cessation. Reflecting this overwhelming opposition, the report cites a survey which found that nearly 60% of Serbians oppose the project.

However, rather than engaging constructively with the concerns of affected communities, environmental defenders, and civil society organisations, the report finds state and non-state actors have coordinated a campaign of repression. This encompasses a sustained effort to intimidate, harass, and silence those opposing the Jadar Project. For instance, three human rights defenders, including Ivan Bijelić, member of Marš sa Drine and recipient of the Green Planet Award 2023, were arbitrarily arrested and imprisoned for participating in non-violent protests against Rio Tinto's Jadar Project.

Still yet, the identities of 23 environmental activists were placed on a so-called "Register of Ecological Terrorists", published by an anonymous group identifying itself as *Kopaćemo* ("we will dig"). This hostile environment has attracted widespread international condemnation. Given its failure to prevent and mitigate such abuses, the report undermines Rio Tinto's claim to "respect the rights of human rights defenders and the peaceful exercise of their rights" and pledge to "not causing or contributing to, threats, intimidation or attacks against them in exercising these rights".³ This raises significant concerns of corporate complicity. Notwithstanding the absence of a social licence to operate, the Jadar Project proceeds, with corporate liability remaining acute. In light of these circumstances, the future of the Jadar Project is untenable.

Governance issues and irregular business practices

The Jadar Project is fraught with issues of transparency, legality and compliance. The report highlights significant concerns which show that despite commitments to "radical transparency", Rio Tinto refuses to disclose critical information relating to the environmental impact of its Jadar operations under the guise of "business secrets".

Compounding these transparency issues, leaked emails from August 2024 reveals that Marina Šibalić, then Acting Director of Serbia's Institute of Nature Conservation, colluded with Rio Tinto to alter expert recommendations. These changes watered down environmental protection conditions on the Jadar Project, undermining the integrity of the regulatory decision-making process and further eroding public confidence.

The report further notes that Rio Tinto has again unlawfully "salami slic[ed]" the Jadar Project. This involves dividing the latter into sub-zones to circumvent comprehensive Environmental Impact Assessment (EIA) under both Serbian and EU law. There is evidence to also suggest that geological research proceeded despite unresolved tax debts, calling into question the legality of Rio Tinto's permits.

No safe distance from the Jadar Project

In 2021, BankTrack called upon major financiers of Rio Tinto to take decisive action regarding the Jadar Project. In particular, banks and investors were urged to:

1. Conduct meaningful, time-bound engagement with the company to insist it fully addresses the human rights and environmental issues presented by the Jadar mine before proceeding with its development.
2. Commit to ensure their financing does not support the Jadar project, either directly or indirectly, until all outstanding social, ecological, heritage and human rights issues have been effectively resolved.

In light of this, we ask for your confirmation of the steps your bank has taken to address these concerns.

³ Rio Tinto, "Human Rights Policy", October 2022, available at: <https://www.riotinto.com/sustainability/human-rights>



Amid growing public opposition and increasing uncertainty, Morgan Stanley is urged to review the report and take immediate action to cease any direct involvement with the Jadar Project, and ensure that future finance for Rio Tinto is put on hold until the project's impacts are addressed. Any failure to take these appropriate and necessary steps exposes Morgan Stanley to reputational, legal and financial risks.

Please respond before 30th May 2025. Kindly note that BankTrack may publish, monitor and evaluate responses to this letter as part of its Human Rights benchmarking and campaigning.

Yours sincerely,

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