



**JOHN CHIANG**  
California State Controller



**JOHN LIU**  
New York City  
Comptroller

December 19, 2013

Sam Walsh, Chief Executive  
Rio Tinto  
2 Eastbourne Terrace  
London  
W2 6LG  
United Kingdom  
Sam.Walsh@riotinto.com

Dear Mr. Walsh:

We were disappointed to receive the perfunctory response from Jean Sebastien Jacques, Chief Executive – Copper, to our 4 November 2013 letter to you regarding Rio Tinto’s investment, through its 19 percent stake in Northern Dynasty Minerals, in the proposed Pebble Mine project. Mr. Jacques’ 14 November 2013 response failed to address in any meaningful way the environmental, regulatory, operational, legal, and reputational concerns we raised with respect to Rio Tinto’s ongoing involvement in Pebble Mine. This reply expresses our personal views as fiduciaries of pension funds that are substantial, long-term Rio Tinto shareowners.

Not only were we disappointed by Rio Tinto’s cursory response to our initial concerns, we are further concerned that its Northern Dynasty Minerals investment is increasing Rio Tinto’s reputational risks by publicly tying it to the proposed Pebble Mine. In a recent news report Northern Dynasty Minerals called Rio Tinto a “major shareholder of Northern Dynasty today” that has “always had an interest in the Pebble project.”<sup>1</sup> Notably, the Pebble project has obtained neither social nor regulatory licensing despite a decade of exploration and outreach. Publicly invoking Rio Tinto’s name in favor of a project overwhelmingly opposed by the local population may adversely affect the company’s reputation and therefore risk the share value for pension funds.

Northern Dynasty has lost roughly 80 percent of its market value over the past two years. With Rio Tinto’s stake now valued at less than \$25 million, we believe the reputational risks the

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investment poses to Rio Tinto now outweigh its market valuation. We therefore request that Rio Tinto divest from the project.

Thank you for your consideration and response.

Sincerely,

Original signed by California State  
Controller John Chiang

Original signed by New York City  
Comptroller John Liu

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<sup>i</sup> [“Pebble’s Lone Investor Remains Optimistic Despite Challenges,”](#) KTUU-TV, Nov. 18, 2013.