



united
TRIBES OF BRISTOL BAY



COMMERCIAL FISHERMEN
FOR
BRISTOL BAY



March 14, 2020

Via email and first class mail

James Gorman
Chairman and CEO
Richard Rosenthal
Managing Director
Morgan Stanley
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Re: Northern Dynasty Minerals and the Pebble Mine

Dear Mr. Gorman and Mr. Rosenthal:

Thank you for your February 18, 2020 response regarding Northern Dynasty Minerals (“Northern Dynasty”) and the Pebble Mine. As representatives of the affected communities of Bristol Bay, the undersigned join in the concerns stated by NRDC in its February 6, 2020 letter, and we write to follow up.

We do so today despite the global crisis and deep disruption caused by the COVID-19 pandemic that threatens all of us. Under the shadow of these tragic circumstances, we are compelled by the fact that Northern Dynasty continues without pause in its efforts to permit the Pebble Mine, and the federal agency responsible for its permit review – the Army Corps of Engineers – has given no indication of any willingness to defer its unreasonably accelerated permit review schedule, despite repeated requests over the past two years from a wide range of stakeholders, including the undersigned organizations, to do so.

Given these circumstances, we sincerely appreciate your immediate attention to the critically important concerns discussed below. We seek your assistance in unambiguously dissociating Morgan Stanley and its clients from any responsibility for, financial connection with, or services to Northern Dynasty and the existential threat to our communities posed by its sole asset – the uniquely reckless, globally condemned Pebble Mine.

The undersigned organizations include the Bristol Bay Native Association (“BBNA”), a tribal consortium serving the 31 federally recognized tribes in the Bristol Bay region; United Tribes of Bristol Bay (“UTBB”), a consortium of 15 federally recognized tribes representing more than 80 percent of the population in the Bristol Bay region; the Bristol Bay Economic Development Corporation (“BBEDC”), representing the economic interests of 17 member communities in Bristol Bay; Commercial Fishermen for Bristol Bay (“CFBB”), a national coalition of fishermen, representing the tens of thousands of commercial fishermen across America who support the protection of Bristol Bay from harmful resource development; the Bristol Bay Regional Seafood Development Association (“BBRSDA”), which represents over 8,000 commercial fishermen residing in 48 states and funds activities that add or protect the value of Bristol Bay’s commercial salmon fishery; and Salmon State, an Alaska-based wild salmon nonprofit organization with longtime collaboration with tribes, commercial fishermen, grassroots organizations, and stakeholders in Bristol Bay.

As described in NRDC’s letter, the residents and stakeholders of Bristol Bay have long opposed the Pebble Mine, and we will never relent in that opposition. As a result, Northern Dynasty has no likelihood of achieving the social license necessary to proceed with its project in the Bristol Bay region. Even if the company is able to persuade the Army Corps of Engineers to issue a permit – the agency issues 68,000 such permits each year – that action will do nothing to address our longstanding concerns about the project’s impact on the region – an impact characterized by EPA, based on a three-year, twice-peer reviewed scientific study, as potentially “catastrophic.” We will litigate if necessary, we will never relent, and the Pebble Mine will never become a reality.

We urge you, therefore, to consider other far more economically attractive, less reckless projects in which your clients might invest, and we would welcome the opportunity to discuss this with you at your convenience.

Based on a review of Morgan Stanley’s website (2020), its Environmental and Social Policy Statement (2019), and its Statement of ESG Approach and Principles (2019), it is obvious that your company understands the connection between environmental and social responsibility and successful investment and corporate governance. For example, from your Environmental and Social Policy Statement:

We believe that our approach to environmental and social issues helps us pursue our principal focus of creating long-term value for our shareholders and serving the long-term

interests of our clients. We see sustainability leadership as both a business opportunity and core to our firm values

Or this:

We will not knowingly finance or invest in industrial projects where the specified use of proceeds would significantly convert or degrade a critical habitat. Critical habitats are areas of high biodiversity value such as habitats of significant importance to endangered or endemic species and highly threatened and/or unique ecosystems.

Or this, from your website:

What is good for the planet is good for all of us, raising sustainability as the new imperative for good business, corporate stewardship and economic growth.

Or this, from your ESG Principles:

Through our collective ESG efforts, our objective is to enhance market-rate financial returns while considering positive social and/or environmental outcomes and good governance practices.

We note, too, that as a member of the Business Roundtable, Morgan Stanley is a signatory to its Statement on the Purpose of a Corporation, including this important commitment:

Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.

None of this -- absolutely none of this -- can be reconciled with the over 3.6 million shares attributed to Morgan Stanley in reports on the holdings of institutional investors in Northern Dynasty.

And while we note your assurance that these shares are held only “on behalf of clients or are attributable to other client-related activities,” we strongly disagree with the assumption that this adequately responds to the clear inconsistency between your repeatedly stated commitment to environmental and social sustainability, on the one hand, and, on the other, the reality of your investment services with respect to Northern Dynasty and its widely condemned Pebble Mine.

Given Morgan Stanley’s position on ESG and its importance to long-term financial success in investing, it is hard to understand why your company would allow itself, on behalf of its clients or on any other basis, to serve as the agent for purchase of millions of shares in a company whose sole asset puts at risk one of the world’s most productive, most perfectly functioning natural ecosystems – a 40,000 square mile watershed that generates half of the world’s wild sock-eye salmon (50-60 million fish each year) and sustains our families, our communities, our culture, our wildlife, and our way of life.

With all due respect, it is not a satisfactory response to say, essentially, that “our clients made us do it,” when the consequences for those of us put most directly at risk – the people who live there -- are so dire. More broadly, and consistent with well recognized scientific consensus on the global crisis in biodiversity loss and cascading species extinction, this is an ecosystem that the world as a whole cannot afford to lose.

This is not a moral judgment. Because the Pebble Mine is an environmental, social, cultural, and ultimately an economic disaster in the making, its owner Northern Dynasty is a poor long-term financial investment; indeed, since 2011 its share value has plummeted from over \$21.00 per share to less than \$0.50 per share today. It is a company that a prudent investor driven by sustainable economic goals should seek to avoid, both because of its long record of financial failure and because its only asset – the Pebble Mine -- is a project inherently at odds with your conviction that “investing in companies that lead in environmental, social and governance best practices is . . . one of the strongest ways to help ensure long-term, sustainable returns. . . .”

Just as Mitsubishi Corporation, Anglo American, Rio Tinto, and First Quantum Minerals determined in deciding to abandon Northern Dynasty and the Pebble Mine, and just as Tiffany’s determined in leading major jewelers to dissociate themselves from any present or future connection with this project, we urge Morgan Stanley to seize this opportunity to exercise its leadership position among investors, investment advisors, and their companies. With the risks and the well-documented local, regional, and international condemnation of its sole asset, Northern Dynasty cannot be tolerated today either as a socially and environmentally responsible investment or as a sound long-term sustainable financial prospect.

We therefore urge Morgan Stanley to demonstrate unambiguously its commitment to environmentally and socially responsible investing – to ESG best practices -- by publicly dissociating itself from Northern Dynasty and the Pebble Mine. More specifically, we urge Morgan Stanley to do so by publicly stating the following:

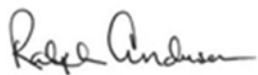
- (1) Morgan Stanley will no longer acquire on its own behalf or purchase on behalf of its clients any shares in Northern Dynasty Minerals as long as that company is promoting the Pebble Mine;
- (2) Morgan Stanley has no financial relationship with Northern Dynasty Minerals and no intention of any future relationship as long as that company is promoting the Pebble Mine;
- (3) Morgan Stanley will communicate to its clients currently invested in Northern Dynasty the assessment that Northern Dynasty, because of its relationship to the Pebble Mine, is not a prudent long-term investment;
- (4) If at any point it receives a request from Northern Dynasty or any other source to consider financing of, or other support for, the Pebble Mine, Morgan Stanley will decline to do so.

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In urging these measures, we recognize the act of leadership in your industry that they require. But Morgan Stanley has already staked a position in the vanguard of sustainable investment, and we are asking only that the principles inherent in that investment approach be applied meaningfully now to a reckless, international pariah of a company whose sole reason to exist – the Pebble Mine -- puts at risk our communities, the environmental quality of our region, and our way of life.

We appreciate your consideration of this request. We would welcome the opportunity to meet with you to discuss this matter at your earliest convenience.

Very truly yours,



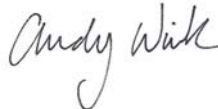
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President & CEO
Bristol Bay Native Association



Robert Heyano
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Norm Van Vactor
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Andy Wink
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Bristol Bay Regional Seafood Development Association



Katherine Carscallen
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Commercial Fishermen for Bristol Bay



Tim Bristol
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Joel Reynolds
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Cc:

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