

28 April 2025

Asia Team at Business & Human Rights Resource Center

Subject: **PT Vale Indonesia Tbk's Clarification on the Indonesian Civil Society Organizations Concerns Regarding Nickel Mining Practices in Indonesia**

Greetings,

We appreciate the opportunity provided by the Business & Human Rights Resources Center to respond to the concerns raised by Indonesian Civil Society Organization regarding nickel mining practices in Indonesia, particularly in the context of a potential collaboration between Stellantis, PT Vale Indonesia Tbk ("PT Vale"), and Huayou Cobalt, as detailed in an open letter published on Satya Bumi's website: <https://satyabumi.org/surat-25-organisasi-masyarakat-sipil-indonesia-investasi-smelter-stellantis-vale-huayou/>.

It is imperative to provide clarifications, particularly in relation to the potential misunderstanding or misrepresentation of PT Vale's operations and commitments.

1. No Current Collaboration with Stellantis

We would like to emphasize that, as of today, PT Vale does not have any joint venture or formal collaboration with Stellantis. Furthermore, there are no ongoing discussions between PT Vale and Stellantis regarding a potential joint venture or partnership.

2. Commitment to Environmental Stewardship

PT Vale has been operating in Indonesia for more than five decades with a strong commitment to environmental responsibility, guided by Indonesian regulations and international best mining practices. Our environment management system is certified under ISO 14001:2015.

PT Vale holds a Special Mining Business License (*Izin Usaha Pertambangan Khusus* or "IUPK"), granting the right to operate within concessions areas located in South, Central, and Southeast Sulawesi.

Our total concession area under IUPK is 118,017 hectares, distributed as follows:

Province	Area (Ha)
South Sulawesi Province	70,566
Central Sulawesi Province	22,699
Southeast Sulawesi Province	24,752
TOTAL	118,017

Of the total concession area:

- 56,788 Ha (48%) are classified as indicated mineable area.
- The remainder serves as supporting areas or protected spaces.

According to land-use classification under applicable laws and regulations, PT Vale's concession area is predominantly forest, followed by areas designated for other purposes and water bodies, as specified in the table below.

Land-use	Area (Ha)	Percentage from total area (%)
Forest area	94,582	80
Other purpose area	22,505	19
Water body	930	1
Total	118,017	100

The breakdown of the mineable area inside the concession per land-use categories is summarized below:

Land-use	Concession (Ha)	Mineable (Ha)	Percentage (%)
State forest area	94,582	44,250	47
Other purpose area	22,505	12,538	57
Water body	930	0	0
Total	118,017	56,788	48

PT Vale is committed to minimizing our mining footprint by practicing progressive mine rehabilitation, promptly restoring mined-out areas that are no longer needed for operations. Since the commencement of our operations, we have opened approximately 1,710 hectares of state forest area in Sorowako, while rehabilitating about 1,102 hectares, leaving only about 608 hectares as an active mining open area. Please note that PT Vale has also opened land within a non-state forest area designated for mining and supporting activities, in accordance with applicable land-use classification.

PT Vale’s rehabilitation efforts are synchronized with the progress of mine development to reduce the remaining open areas and, consequently, minimize environmental impacts, particularly erosion and sedimentation. To achieve this, PT Vale employs a back-filling mining strategy by compartment, aiming to complete mining in one compartment before moving on to the next and back-filling the completed compartments.

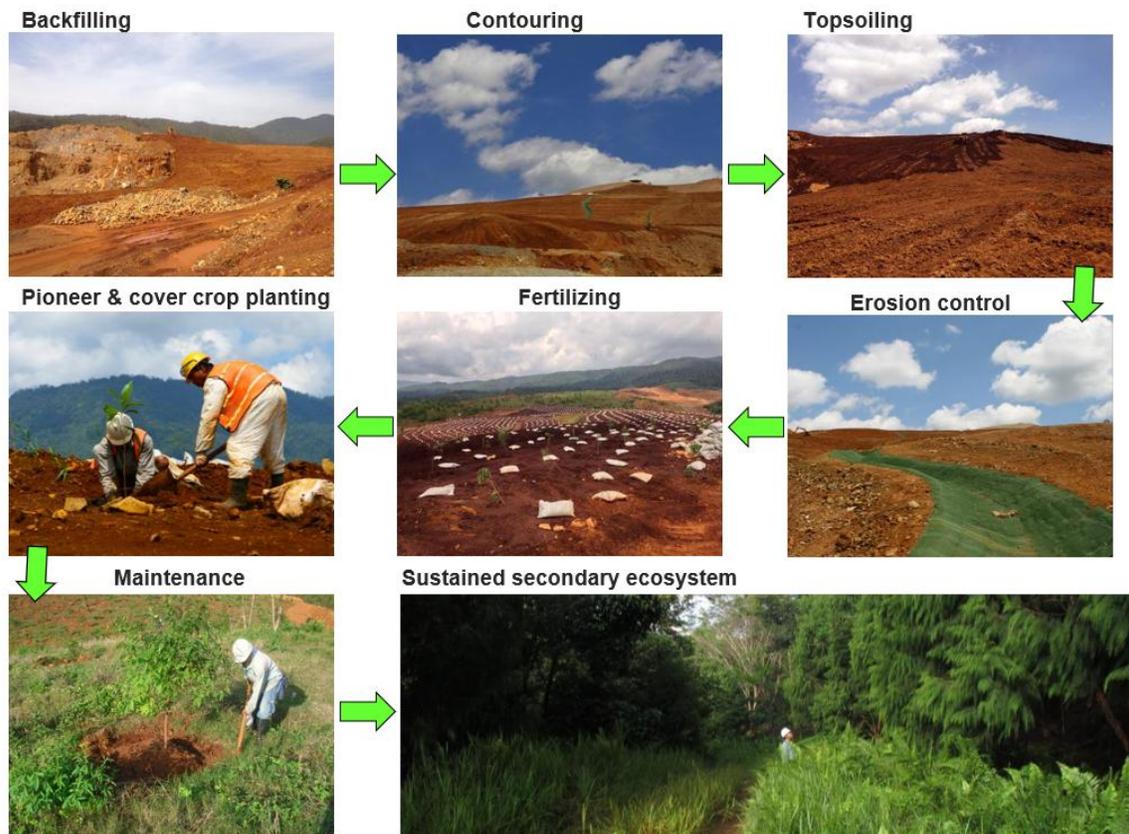


Fig. PT Vale mine rehabilitation process flow

To date, the other two blocks of PT Vale at Pomalaa and Bahodopi are still in the construction phase.

In addition, PT Vale undertakes watershed reclamation projects outside its concession area across five provinces: South Sulawesi, Central Sulawesi, Southeast Sulawesi, Bali, and West Java. As of the end of 2024, 17,746 Ha of degraded watershed have been rehabilitated – over 10 times the area that PT Vale has opened for mining activities within state forest areas.

In relation to biodiversity conservation, PT Vale has implemented a local and endemic tree species conservation program. The program started with species inventory, ex-situ conservation, native seedling production, and re-planting in rehabilitated mine-areas. To

date, more than 5.1 million local and endemic tree species have been replanted in rehabilitated mined areas. PT Vale is continuously conducting and updating the Environmental and Social Impact Assessment (ESIA) and biodiversity study, including High Conservation Value (HCV) and carbon stock assessments within all three PT Vale concession blocks to always align with international standards related to sustainable mining. Based on these studies, PT Vale will develop a biodiversity management plan aim at achieving no-net loss and exploring the possibility of net-positive principle.

According to our data analysis based on key biodiversity areas (KBA) from IUCN, IBAT, 2024 through keybiodiversityareas.org, the total KBA within PT Vale’s minable area is approximately 14,906 Ha or about 26% (compared to 56,788Ha), as shown in the table below:

KBA	Total KBA in Mineable area (Ha)		
	Pomalaa*	Sorowako	Bahodopi
Matano lake	-	594	-
Towuti lake	-	5,053	-
Feruhumpenai-Matano	-	5,948	-
Routa	-	2,542	769
Total	-	14,137	769

**There is no indicated KBA inside Pomalaa block*

3. Respect for Human Rights, Indigenous Peoples, and Local Communities

PT Vale is committed to respecting human rights. Our engagements are governed by mutual respect and transparency, and we maintain ongoing programs for community development, including targeted support for women and other vulnerable groups.

This commitment is guided by the PT Vale Human Rights Policy, which references several global standards, including the UN Guiding Principles on Business and Human Rights, the UN Declaration on the Rights of Indigenous Peoples, and the Voluntary Principles on Security and Human Rights (VPSHR). The policy clearly states that PT Vale respects the rights of local communities, employees, indigenous people, and human rights defenders.

PT Vale establishes listening channels through the Listening and Response Mechanism, based on the principles of legitimacy, accessibility, equity, and transparency, which aim to capture all types of manifestations, including demands, complaints, and reports. In addition, PT Vale has teams dedicated entirely to community relations to promote dialogue and engagement with these rights holders.

In conducting all operational activities, including new projects, we conduct social screening (socio-economy baseline studies, community groups, vulnerable groups, indigenous people) as part of our policy to ensure transparent dialog between the relevant stakeholders. PT Vale Indonesia is currently reviewing and developing a framework related to stakeholder engagement, land access, land acquisition, and livelihood restoration, in alignment with the IFC Performance Standards.

We are committed to ensuring our practices meet the best practices and are dedicated to continuous improvement. Building on a long history of responsible community engagement and sustainable development in Sorowako and surrounding areas, PT Vale has continued to maintain relationships with local communities through social programs and has contributed to regional economic growth. This ongoing initiative reflects our commitment to strengthening these foundations for the future.

For more information about our social programs, please visit our sustainability report for more detailed information: <https://vale.com/in/indonesia/laporan-tahunan-dan-keberlanjutan>

PT Vale continues to commit to transparency practices, where we conduct third-party assessments to ensure our operations do not violate human rights.

PT Vale reaffirms its commitment to respecting, protecting, and fulfilling human rights as an integral part of its sustainability principles and responsible governance framework. We acknowledge that, in the course of our complex operational activities, stakeholder concerns may arise. We are dedicated to listening, understanding, and proactively addressing such concerns through appropriate and transparent actions. Recently, PT Vale received an open letter from members of the community raising allegations of suspected human rights violations in areas surrounding our operational sites, particularly Sorowako, Asuli, and Tanamalia. In response to these allegations, a Human Rights Due Diligence (HRDD) investigation was conducted to provide a comprehensive, objective, and fact-based understanding of the situation.

The independent investigation assessed the concerns raised and found that while some grievances reflected the experiences of a segment of the community, there was also considerable acknowledgment of PT Vale's positive contributions to local livelihoods. Based on the findings, a series of recommendations were made to address issues such as access to clean water, compensation mechanisms, livelihood sustainability, security practices, and community engagement.

PT Vale fully accepted these recommendations and has developed a Human Rights Commitment and Action Plan, which outlines concrete steps to strengthen internal policies,

enhance grievance mechanisms, and ensure a more inclusive, participatory approach to community engagement. In alignment with our commitment to transparency and accountability, both the investigation report and the Human Rights Action Plan have been published and are accessible through the following links:

Access the Human Rights Public Investigation Report: <https://vale.com/in/indonesia/hak-asasi-manusia>

PT Vale respects the local culture and tradition by supporting various social programs. Additionally, our whistleblowing system is accessible to the public, and our internal grievance system manages community voices through our stakeholder engagement planning.

For more information about our cultural engagement in 2024: <https://vale.com/in/w/pt-vale-indonesia-dukung-pelestarian-budaya-lokal-melalui-roadshow-kebudayaan-2024>

For more information about our whistleblowing: <https://vale.com/in/indonesia/sistem-pelaporan-pelanggaran>

4. Health, Safety, and Worker Protection

Our operations follow strict occupational health and safety protocols, and PT Vale maintains a zero-fatality target. As of today, we have no affiliation with the operations at Indonesia Morowali Industrial Park (IMIP), Indonesia Weda Bay Industrial Park (IWIP), or other facilities cited in the letter, such as PT Gunbuster Nickel Industry (one of the tenants in IMIP).

At PT Vale, safety is a core value that underpins everything we do. We are committed to building a culture where every leader actively drives safety by being present in the field, engaging teams, and reinforcing safe practices through real-time coaching.

Through our Critical Control Verification (CCV) program, we focus on managing the risks that matter most, ensuring that life-saving controls are in place and working effectively before work begins. Everyone at PT Vale is empowered with “Stop Work Authority”, reinforcing our belief that safety is everyone’s responsibility.

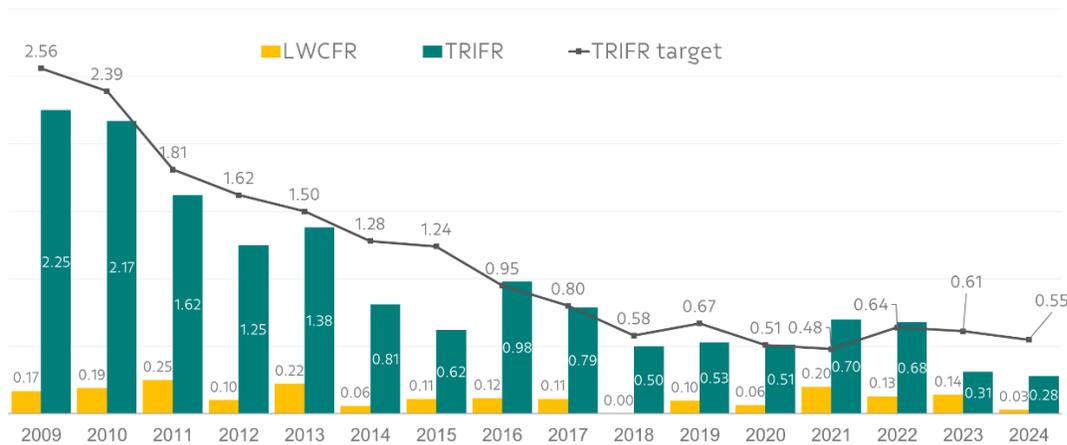
We continuously learn from incidents and near misses, sharing lessons openly and focusing on systemic improvements. Supported by strong systems, leadership commitment, and technology, we aim to prevent harm and protect lives.

To monitor safety performance, PT Vale regularly tracks indicators such as the Frequency Rate (FR) and Severity Rate (SR) per 1,000,000 working hours. In 2024, the FR was recorded at 0.30 in Sorowako, 0.27 in Bahodopi, and 0 in Pomalaa.

In 2024, PT Vale’s Total Recordable Injury Frequency Rate (TRIFR) was at 0.22, remaining below the average of 2.59 (last updated in 2023) reported by the International Council on Mining and Metals (ICMM).

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TRIFR Target	1.28	1.24	0.95	0.80	0.58	0.67	0.51	0.48	0.64	0.61	0.55
TRIFR Actual	0.81	0.62	0.98	0.79	0.50	0.53	0.51	0.71	0.68	0.31	0.22
LWCFR	0.06	0.11	0.12	0.11	-	0.1	0.06	0.20	0.13	0.1	-
ICMM TRIFR	4.5	4.7	4.26	3.94	3.41	3.2	2.94	2.9	2.66	2.9	

Below are the PT Vale safety performance statistics for Sorowako operation, which show the decrease in injury rates over time, reflecting our continuous efforts as described above.



5. Renewable Energy Use

PT Vale’s Sorowako operation sources its electricity from hydropower, which contributes 30.6% of Sorowako’s total energy consumption. For our operations in Pomalaa and Bahodopi, we continue to seek renewable electricity sources to ensure our commitment to reducing absolute emissions by 33% o by 2030, based on the 2017 baseline.

Our decarbonization strategy focuses on clean energy optimization, energy efficiency, clean energy utilization, equipment electrification, green fuel shifting, and nature-based solutions. Since 2019, a series of extensive studies and trials have been conducted to assess the feasibility of these options in terms of technical and economic viability. This year, PT Vale is conducting a comprehensive review of the decarbonization roadmap based on these studies and trials to define the best feasible scenario for meeting our target.

For more information on PT Vale’s Decarbonization strategy, please refer to our sustainability report: [Sustainability Report](#)

6. Tailings and Water Quality Management

Our current joint venture project with PT Kolaka Nikel Indonesia (KNI) – Huayou, located in the Indonesia Pomalaa Industrial Park (IPIP), involves PT Vale Pomalaa's mining operation, which will supply nickel ore to the KNI High-Pressure Acid Leaching (HPAL) facility. This process will produce tailing as waste, which will be managed through a dry stack tailing facility (DSTF).

Tailings Management:

Tailings from the HPAL process are neutralized before being stored as dry residue in the DSTF. Initially, the tailings are in slurry form with 70% water content, but they are dried using filter press technology. The resulting filter cake is then transported to DSTF. DSTF is designed to minimize the environmental impact of tailings from nickel ore processing.

Waste Residue:

The mixed tailings generated after the HPAL tailings, neutralization of iron-aluminum removal tailings, and neutralization of manganese-containing waste liquid in the system are the tailings of the project. The solid density of the tailings is 3.2 to 3.8t/m³, the solid concentration is 45% w/w, the particle size of the tailings is p₈₀ = 100µm, and the pH value ranges from 8.1 to 8.5.

Solid Waste Properties of Waste Residue:

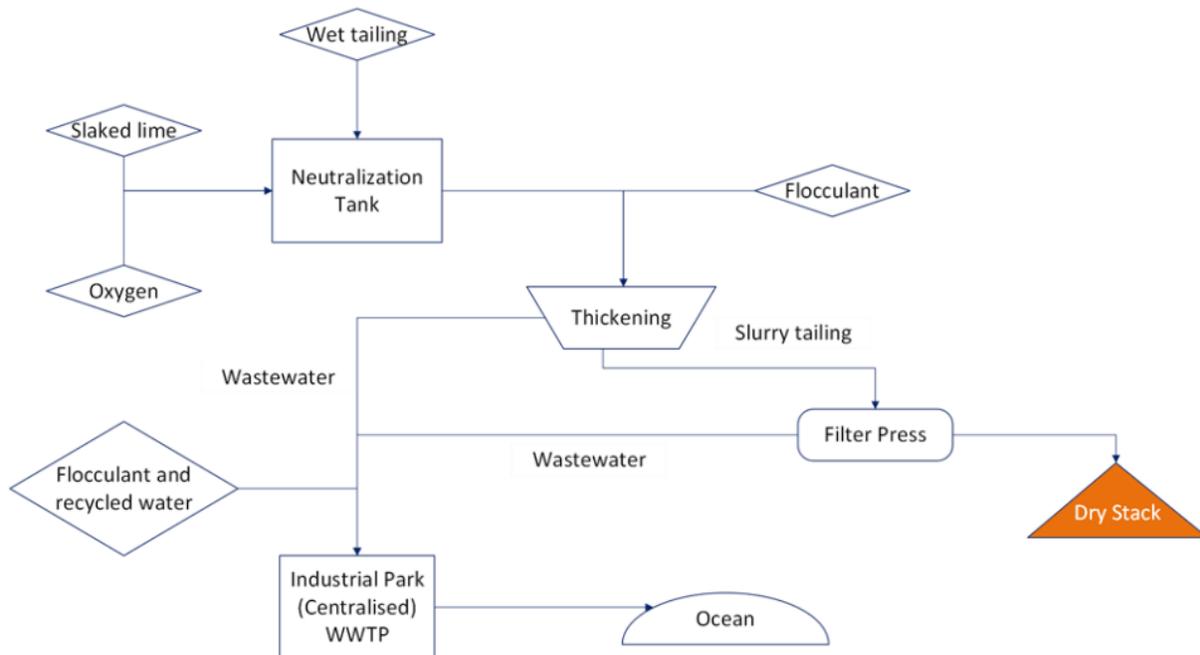
According to Indonesian government regulations on the Toxicity Characteristic Leaching Procedure (TCLP) for tailings, a sodium acetate buffer solution is used for leaching. Test results show that the tailings meet TCLP regulations and can be classified as non-toxic.

Tailings Disposal Scheme:

After neutralization, the slurry is pumped into the Tailings Pressure Filtration process. After pressure filtration, the filtrate is cooled and discharged to the sea. The filter cake is sent to the tailings yard by truck for dry stacking (DSTF). The tailings from the neutralization process are fed by the filter press feed pump and filtered by a horizontal filter press. The water content of the filtered filter cake is ~30%. It is transported to the tailing yard by belt conveyor or truck for dry stacking.

The management of the tailings waste facility will need to be monitored for 31 years after closure with possible impacts to the surrounding area if the facility leaks, drains over top and the residue solution is not able to be treated at the wastewater treatment plant.

The tailings management process is outlined below



PT Vale upholds a strong commitment to the International Council on Mining and Metals (ICMM), ensuring that the Global Industry Standard on Tailings Management (GISTM) is reflected in our value chain. We conduct thorough due diligence to ensure that the tailings design complies with GISTM.

7. Supply Chain

Our nickel matte factory in Sorowako exclusively sources its ore from PT Vale’s mining operation. Regarding our joint operation in Pomalaa between Huayou and Ford, the agreement upholds international standards such as those set by the International Finance Cooperation (IFC). Huayou has committed to sourcing their nickel ore solely from PT Vale’s Pomalaa mining operation. PT Vale is dedicated to responsible sourcing policy and biodiversity through continuous assessment and audits to ensure standards are maintained across all business partners.

Sorowako is currently undergoing an IRMA audit to demonstrate our commitment to responsible sourcing. More information can be found here:

<https://responsiblemining.net/2024/12/17/pt-vale-indonesia-commits-sorowako-to-irma-audit/>

For details on our joint venture, please visit:

<https://www.idnfinancials.com/archive/48713/ford-motor-company-injects-idr-kolaka-nickel-indonesia>

8. Continuous Improvement and International Standards

We have voluntarily undertaken a diagnostic against IFC Performance Standards (PS1–PS8) and are actively progressing toward certification under the IRMA Standard for Responsible Mining, demonstrating our commitment to ongoing improvement and global best practices.

We strongly believe that a responsible and transparent approach to nickel mining is critical for a just energy transition. PT Vale remains fully committed to operating in a manner that respects people, protects the environment, and aligns with the expectations of global stakeholders.

We welcome constructive dialogue with all parties who share the same values and commitment to sustainable development.

Respectfully,

Bernardus Irmanto

Chief Sustainability and Corporate Affairs Officer

PT Vale Indonesia Tbk