

December 12, 2022

To
Business and Human Rights Resource Centre

Re: JATAM's 'Sufferings of Residents and Environment behind the Business Transactions of Tesla and Chinese Companies in Indonesia'

Vale appreciates the opportunity to respond to the article 'Sufferings of Residents and Environment behind the Business Transactions of Tesla and Chinese Companies in Indonesia' from August 10, 2022 published by JATAM.

The report contains items concerning alleged human rights impacts in Indonesia, which have been brought to Vale's attention through the Business & Human Rights Resource Center. The report cites impact of PT Vale Indonesia's (PT Vale) operations on the residents in East Luwu, South Sulawesi and Pomalaa, South-East Sulawesi.

Vale has always strived to maintain mutually beneficial relationships with local stakeholders during its more than 50 years of operation in Indonesia. The Company operates under high environmental and social standards and is committed to contributing to the development of resilient communities and sustainable environment through corporate social responsibility programs. PT Vale has received numerous recognitions and awards from various reputable institutions among others, Green PROPER (beyond compliance) from the Ministry of Environment and Forestry, and Trophy Aditama (the highest ranking for environmental management) from the Ministry of Energy and Mineral Resources.

One of main pillars in Vale's strategic priorities is sustainability, which is aligned with the Sustainable Development Goals and Paris Agreement (i.e., toward carbon neutral by 2050). Globally, Vale wants to be a carbon neutral corporation and PT Vale is part of this initiative with a strong focus on looking at ways to reduce carbon emissions.

Since 1978, PT Vale has been utilizing renewable energy to meet the energy demands of its furnaces in the refining facility. The Sorowako nickel smelter today already is among the lowest carbon intensity nickel in Indonesia. PT Vale has three hydropower plants with a total capacity of 365 MegaWatt which have reduced the company's dependence on fossil fuels for the processing plants. Through the operation of the hydropower plants, PT Vale has avoided by around 1,000,000 (One Million) Tonnes of CO₂ equivalent emission per year. In addition to supplying our operational needs, electricity produced by the three hydropower plants is distributed to meet the needs of the East Luwu community through Perusahaan Listrik Negara (a state-owned electricity provider).

In tandem with our commitments and practices, Vale clarifies the following points raised in the JATAM article.

Allegation of Pollution at the Lampia Sea

There was no major impact coming out from the oil spill as the amount of oil involved was marginal (less than 200 liter) and the spill was immediately contained by oil boom designed to control this type of situation. Immediately afterwards, the Company carried out comprehensive cleaning activities and monitored the water quality to ensure no impact on marine biota. PT Vale

engaged a reputable institution in Indonesia to carry out a study; it was concluded that the oil spill did not create pollution at the Lampia Sea.

Allegation of Pollution and Sediment in Mahalona Lake

The Ministry of Environment and Forestry carried out an assessment into alleged sedimentation in **Mahalona** Lake in 2020 and found no violations. PT Vale has never received any sanctions related to this matter.

PT Vale continues to consistently manage water effluent and to meet environmental quality standards before flowing into water bodies. PT Vale operates 19 catchment areas in the Sorowako and Petea area. These catchment areas have monitoring points to monitor and control the quality of Total Suspended Solids (TSS), chromium concentrations (CR6+), soluble nickel, oil separation and pH controls to meet the Government standard. As part of our commitments, since 2013, the Company has been implementing the “Effluent Project” program, to process liquid waste in an integrated manner by operating the Pakalangkai Waste Water Treatment (WWT). In 2016, the Company built the Lamella Gravity Settler (LGS) facility which has 17 integrated deposit ponds with a capacity of 16 million cubic meters. In total PT Vale has more than 100 sediment ponds to process wastewater.

Allegation of Pollution in Mori Island

With regards to **Mori Island**, PT Vale engaged an independent and accredited third party (PT Sucofindo) to follow up on the alleged sulfur spill contamination. Based on the results of the Toxicity Characteristic Leaching Procedure (TCLP) analysis of water and soil samples taken together with the East Luwu Regency Environment Agency (DLH) and PT Sucofindo, it was concluded that there is no pollution on Mori Island as per data received on September 20, 2021.

As a form of good will and commitment on preserving the environment, PT Vale and its contractors have conducted routine inspections on Mori Island. In addition, PT Vale and the East Luwu Environmental Agency (DLH) regularly carry out joint inspections on Mori Island.

In addition to that, based on the Material Safety Data Sheet (MSDS), Government Regulation No. 74 of 2001 and Government Regulation No. 22 of 2021, Sulfur is not a Hazardous and Toxic Material (B3) nor a B3 waste.

Suspicion of taking agricultural land and the land of the indigenous people

Vale recognizes that Indigenous Peoples have a profound and special connection with land and water, which are linked to their physical, spiritual, cultural, and economic well-being. They also carry valuable traditional knowledge and experience in managing the environment sustainably.

Mining and metals projects can generate significant impacts on local communities, both positive and negative. Vale follows guidelines throughout its operations and projects to establish relationships with potentially impacted indigenous peoples. The company also abides by international commitments and references related to indigenous issues, such as the position statement of the International Council on Mining and Metals (ICMM) on Mining and Indigenous Peoples (2014), the ILO 169 Convention, and the United Nations Declaration on the Rights of Indigenous Peoples.

In Indonesia, PT Vale continues to appreciate the existence of community in the operational area. This is in line with the company's values, i.e., respecting the planet and people. As a public company, PT Vale has always strived to comply with the laws and regulations in order not to impact rightsholders.

The Indonesian laws and regulations provide certain procedures to determine a legitimate indigenous people. Based on the latest study conducted in Luwu Timur by a reputable institution in Indonesia and consultation with the local government, we understand there is no indigenous peoples in PT Vale's operational area.

Allegation of criminalization of seven activists and indigenous people around the mine in relation to a demonstration

Freedom of speech, including demonstration, is protected under Indonesian laws and regulations. PT Vale continues to respect freedom of speech so long as it is conducted as per the permissible boundaries under the regulations and does not involve anarchism. The demonstration in March 2022 caused injuries to PT Vale's employee and contractor, and destruction to assets. Police investigation was conducted as there was anarchism during the demonstration.

As an essential component of batteries, nickel producing companies have been urged to increase their production of class one nickel. Communities, consumers, and investors are increasingly conscious of the sustainability performance of essential minerals producing companies. PT Vale's long-term track record investments in ensuring sustainable practices, without impacting human rights, have prepared the Company for this moment.

Further information on the work, challenges, and results of the management of PT Vale can be found in its **Annual and Sustainability Reports**¹.

Sincerely,

Vale, SA.

¹ <https://www.vale.com/pt/indonesia/annual-and-sustainability-reports?start-tab-1=2>