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Subject Line : Right to Reply of Mongabay Publication

Dear Editorial Team of Mongabay Indonesia,

PT Vale Indonesia Tbk (“PT Vale”) reaffirms its commitment to responsible mining practices, environmental stewardship, and transparent engagement with stakeholders in connection with allegations recently published and/or circulated in the public domain regarding activities in the Tanamalia Block.

As a publicly listed company and a member of the MIND ID Group, PT Vale operates under stringent regulatory oversight and recognized international sustainability standards. The Company upholds the principles of Good Mining Practice and sustainable mining as mandated, inter alia, by Ministerial Regulation No. 1827 of 2018, PPKH No. 855 of 2025, and other applicable environmental and forestry laws and regulations.

Environmental Commitment Backed by Data

Over the past decade, PT Vale has reclaimed 3,863 hectares of post-mining land and planted more than 5.8 million trees within the Sorowako Project Area, demonstrating sustained environmental responsibility rather than short-term compliance.

In Tanamalia, prior to any exploration activities, illegal logging had occurred in protected forest areas to establish pepper plantations. Accordingly, to establish a scientifically robust point of reference for environmental conditions, PT Vale conducted an Environmental Baseline Study (2022–2023). Data were collected during both the dry and rainy seasons across surrounding villages to ensure scientific rigor and seasonal comparability.

The study confirmed the following:

- Groundwater quality remained within the control limits prescribed under Minister of Health Regulation No. 2 of 2023.
- No hexavalent chromium (Cr6) was detected.
- There was no evidence of mining-related contamination during the exploration stage.

Environmental monitoring of air, water, and soil continues to be conducted routinely, including through independent third parties, to ensure objectivity and transparency. To date, based on the monitoring results, water quality remains within the applicable government standards.

Dialogue Before Development

To date, PT Vale has maintained the suspension of any resumption/advancement of exploration activities. PT Vale acknowledges the concerns raised regarding the potential loss

of livelihood for farmers cultivating pepper plantations within the PPKH boundary located inside the state forest area.

To address these concerns, and in alignment with the IFC Performance Standards, PT Vale has undertaken—and continues to undertake—both formal and informal stakeholder engagements/dialogues since 24 December 2021.

A multi-stakeholder Focus Group Discussion (FGD) was convened on 11 October 2023 at the Loeha Village Office Hall, involving:

- Provincial and district government representatives.
- Environment and Forestry Agency officials.
- Village governments.
- Academics.
- Farmer representatives from Loeha Raya.

Engagement has also included hearings with DPRD and DPR-RI (including relevant regional government representatives), ensuring that concerns are addressed through appropriate institutional channels.

PT Vale is also actively collaborating with the East Luwu Regional Government and the Directorate for Tenurial Conflict Management and Customary Forests (PKTHA) under the Directorate General of Social Forestry, Ministry of Forestry to formulate a framework for resolving unauthorized farming in forest areas.

As of January 2025, PT Vale has conducted hundreds of engagements. These engagements are intended to: (i) explain the scope and status of exploration activities; (ii) communicate PT Vale's commitments to safeguard and support farmers' livelihoods; and (iii) gather aspirations to develop collaborative solutions. In addition, PT Vale has established grievance channels for stakeholders, including dedicated contact numbers, email communications, and grievance boxes in each village surrounding the project area.

PT Vale applies the IFC Performance Standards framework in managing environmental and social risks, including tenurial mapping and conflict-resolution processes. The Company's governance approach aligns with the UN Guiding Principles on Business and Human Rights (UNGPs) and is embedded in its Code of Ethics.

Addressing Land-Use Changes

Environmental Baseline Study assessments indicate that changes in certain water conditions in the broader area correlate with large-scale forest clearing for agricultural expansion, particularly unmanaged pepper cultivation. Uncontrolled runoff from such activities may increase the risks of erosion, sedimentation, and flooding.

PT Vale emphasizes that its exploration activities in Tanamalia are conducted under strict environmental controls and monitoring mechanisms. At this stage, no mining production activities are being conducted.

Restoration Obligation and Long-Term Responsibility

In accordance with the requirements of its Special Mining Business License (IUPK), PT Vale is fully committed to restoring forest areas at the end of mine life. Rehabilitation is not a future promise—it is an ongoing obligation, as already demonstrated in Sorowako and other operational areas.

PT Vale remains committed to Good Mining Practice, including progressive mine reclamation and responsible mine closure.

The Company remains open to dialogue and constructive engagement. PT Vale believes that responsible mining and environmental protection are not opposing objectives, but mutually reinforcing pillars of sustainable development.

Regards,
PT Vale Indonesia Tbk



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