



October 23, 2024

To: Investors holding shares in Vale / PT Vale Indonesia

Re: Call for action to urge PT Vale Indonesia/Vale not to neglect but respect the views of the community in the Loeha Raya area in the Sorowako nickel project/Tanamalia block and to take action that is not premised on exploration and mining

Since August 2023¹, we have continuously called on you, one of the major investors in PT Vale Indonesia (PTVI)/ Vale, a parent company of PT Vale Indonesia (PTVI), to properly engage PTVI/Vale so that you can prevent yourself from being complicit in the human rights abuses committed by PTVI in the Sorowako Nickel Project in East Luwu, South Sulawesi, Indonesia.

In particular, since February, 2024², we have emphasized that conditions are still not in place for PTVI to resume any exploration activities, much less start commercial mining activities in the Tanamalia Block. More specifically, we have pointed out that PTVI has failed to have the opportunity for appropriate, meaningful, and interactive meetings with women as well as farmers cultivating pepper in Loeha Raya, and that PTVI has violated several points of the World Bank Group's International Finance Corporation (IFC) "Performance Standards on Environmental and Social Sustainability" (PS), with which Vale claims to comply regarding resettlement and compensation measures.

Meanwhile, in April 2024, Vale posted information on "PTVI Social & Environmental impacts, Indonesia" on the "ESG Controversies" page of its website³. The information seems to have been updated just recently, publishing a summary of the investigation report (July 2024)⁴ by a consultant commissioned by Vale Base Metals (VBM) in late 2023, and PTVI's action plan (undated)⁵ in response to the consultant's recommendations. It is our belief that PTVI/Vale with their claims for transparency and responsible business conduct has provided shareholders like yourselves with this information.

However, we hereby vehemently argue that PTVI's approach to addressing the problems with regards to the Tanamalia Block, as proposed in the action plan, does not solve the problems but rather exacerbates tensions on the ground and leads to more conflict and division of the

¹ <https://foejapan.org/en/issue/20230818/13949/>

² <https://foejapan.org/en/issue/20240227/16345/>

³ <https://vale.com/esg/controversies>

⁴ <https://vale.com/documents/d/guest/ptvi-investigation-public-report--20240730>

⁵ <https://vale.com/documents/d/guest/human-rights-commitment-and-action-plan>

community. Community members have been earnestly desiring a review of the development/exploration, but PTVI has not offered a fragment of consideration to these demands.

The pepper farmers and women of Loeha Raya have consistently expressed their claim to resist PTVI's activities in the Tanamalia Block⁶. The farmers' earnest desire is for PTVI to exclude the Tanamalia Block from its mining concession, where their pepper fields - their vital means of livelihood - are located. It is clear that any activity by PTVI that lacks respect for these claims by local communities will take place without a Social License to Operate (SLO) and fail to solve the problems. In addition, the development of a "Land Acquisition and Resettlement Framework" (LARF), as proposed in the PTVI's action plan, cannot be a solution for the pepper farmers who neither seek compensation or relocation, even if its contents would be developed in line with international standards.

In fact, PTVI consistently has failed to achieve any appropriate, meaningful, and interactive meeting with the local community. As described in the attached letter to PTVI from the Loeha Raya Pepper Farmers Association and the Women Fighters of Loeha Raya (submitted to PTVI on October 14, 2024⁷), PTVI held a discussion on October 2, 2024 regarding the resumption of exploration activities in the Tanamarlia Block. However, the lack of transparency and the closed-door approach by PTVI have further increased the distrust of the pepper farmers toward PTVI.

In the same letter, the pepper farmers and women demand that PTVI stop all forms of activities in the Tanamalia Block and vacate the camps where exploration activities are based, reiterating that they reject exploration and mining in the Tanamalia Block. It also clearly states that the pepper farmers and women do not want to be relocated, compensated, or provided with "CSRs".

PTVI must immediately review its response which is based on the premise of continuing exploration and implementing mining in the Tanamalia Block. What is required now is to first accurately understand the claims of the pepper farmers and women of Loeha Raya as described in their letter attached herewith, respect their right to refuse exploration, and then take actions in a manner that does not preclude the option of not developing the area.

Reiterating our previous statements, with regard to PTVI's exploration and mining activities in the Tanamalia Block, the pepper farmers and women of Loeha Raya have continuously voiced their concerns over the loss and impacts on their livelihoods and have never expressed their consent to the exploration and mining activities. Therefore, we urge you to continue encouraging PTVI/Vale to take their demands into consideration and exclude the Tanamalia Block from PTVI's mining concession. The modest ask of the communities is to live in peace without fear.

Furthermore, the failure of PTVI's discussion on the ground last October 2 may lead to intensified involvement of the police, military and other authorities again. We again request that you, as one of the major shareholders of PTVI/Vale, engage with PTVI/Vale to urge it to take

⁶ <https://walhisulsel.or.id/4354-konsisten-menolak-vale-masyarakat-blok-tanamalia-tegas-tolak-fasilitas-tambang-milik-pt-vale-indonesia/>

⁷ <https://walhisulsel.or.id/4470-sending-letter-to-pt-vale-indonesia-apl-asks-to-vacate-nickel-mining-exploration-camp-in-tanamalia/>

appropriate action so that you are not complicit in the violation of fundamental human rights, including the freedom of expression of the local community.

WALHI South Sulawesi
Wahana Lingkungan Hidup Indonesia (WALHI / FoE Indonesia)
Friends of the Earth Japan
Pacific Asia Resource Center, Japan

Attachment:

- “Pernyataan Sikap Masyarakat Loeha Raya” (Oktober 8, 2024)
- “Statement of Position of Loeha Raya Community” (October 8, 2024) (English translation)

Contact:

WALHI South Sulawesi (Muhammad Al Amin, Executive Director)
Add: JL. Aroepala, Kompleks Permata Hijau Lestari Blok Q1, No.8, Rappocini, Kota Makassar, Sulawesi Selatan 90221
Email: muhammad.al.amien@gmail.com / walhisulsel@gmail.com
Tel: +62-8229-3939-591

Friends of the Earth Japan (Hozue Hatae, Development Finance and Environment Team)
Add: 1-21-9 Komone, Itabashi-ku, Tokyo, Japan 173-0037
Email: hatae@foejapan.org
Tel: +81 3 6909 5983