

Brad Adams
Executive Director, Climate Rights International



Paris, December 15th, 2023

Answer to your letter dated Nov 29th, 2023

Dear Mr. Adams,

Your message dated November 29th is of great interest to us. While we appreciate being consulted ahead of the report publication, we take your allegations very seriously and intend to address your concerns with adequate answers.

Eramet places social, societal and environmental responsibility at the heart of its development and is committed to implementing industry best practices in terms of respect for the environment, biodiversity and human rights in all its operations, as well as creating conditions for an open dialogue with civil society.

Today in Indonesia, Eramet is part of Weda Bay mining (WBN) operations with a minority indirect shareholding (39%) of Indonesian company PT Weda Bay Nickel ("WBN"), alongside the Tsingshan group (51%) and the Indonesian State via PT ANTAM (10%). As a minority shareholder in PT WBN, Eramet is committed to applying the highest standards to WBN's mining practices, as it does to all its mining sites.

This consistency brought results, with the commitment of WBN taken in 2022, to follow the IRMA process (Initiative for Responsible Mining Assurance) that is the highest standard in responsible mining.

You will find below detailed answers to each of your questions. We hope they provide you with useful and adequate information. We are of course open to discussing these further during our dedicated call as requested in your letter.

Yours sincerely,

Virginie de CHASSEY
Chief Sustainability & External Affairs Officer

Regarding PT Weda Bay Nickel and Environmental Concerns:

- 1. It is our understanding that the size of the WBN mining concession has changed since PT WBN's initial environmental impact assessment was approved in 2009. Has PT WBN submitted an addendum to its environmental impact statement? Please provide the original environmental impact statement and any addendums the company has submitted.***

The size of WBN mining concession or "Contract of Work" (CoW) is of approximately 45 000 ha since the acquisition of PT WBN by Eramet in 2006. Following the start of mining operations in 2019, the surface area of the mining concession has gradually decreased as mined out areas, mostly in the coastal areas, are relinquished to the Government of Indonesia in line with our operations and local regulations. Note that WBN has an active resource exploration and development program within the CoW.

The initial Environmental and Social impact assessment (AMDAL) was calibrated for 148 million of tons of mineral reserves and took place in 2009.

Following positive results of our mineral development program the proven reserves have increased to 540 million tons in 2022. To include impacts associated to these additional resources and deposits, the AMDAL has been updated in 2021 and 2022, considering an increase in the levels of production from 4 to 9 and then from 9 to 18 million tons per year. The AMDAL of 2022 is validated by the Indonesian permitting authorities and covers all potential environmental and social impacts from all currently active operation and deposits and for the next 20 years.

In 2023, the resource development program allowed WBN to increase proven reserves to 646 million tons of resources. Thus, WBN initiated the revision of the feasibility study and an update of the AMDAL is currently being validated by the relevant permitting authorities.

For confidentiality reasons, we are not able to share these reports. Available public information can be found on the website of the KLHK - Environment and Forestry Ministry of Indonesia : [Beranda | Kementerian Lingkungan Hidup Dan Kehutanan \(menlhk.go.id\)](https://beranda.kemlithk.go.id)

- 2. Does PT WBN collect air and water quality data? If not, why not? If yes, is that data made publicly available? If yes, please explain how you do so.***

As per WBN's "Environmental and Social Impact Assessment" and the "Environmental and Social Management Plans" water quality and air monitoring is regularly conducted, including by qualified third party inspection entities.

The monitoring program is approved by the Indonesian permitting national authorities and is developed in consultation with the national and local authorities. Sensors are installed in different areas to monitor the level of emissions and water quality. Data registered by the sensors is transmitted in real time to Government authorities.

The national and local government follows up and regularly audits the results of the monitoring program.

3. *It is our understanding that the North Maluku Provincial Environmental Agency issued a letter on September 4, 2023, recommending that PT WBN halt its operations due to concerns regarding water pollution of the Sagea River. Have mining operations been halted? If not, why not?*

The community of Sagea raised a concern in respect to a discoloration phenomenon of the Sagea river due to sediments which occurred during exceptionally heavy rainy season in August and September of 2023.

After its Sept 4th 2023 letter, the North Maluku Environmental Agency conducted aerial and on the ground inspections, jointly with Sagea village authorities and representatives of the local communities, supported by the helicopter, vehicles and environmental staff of PT WBN, and commissioned water monitoring tests done by an independent third-party laboratory.

The results of the water tests and inspections proved that the phenomenon of discoloration of the Sagea river is not related to WBN activities and that it was safe to continue mining activities. On September 6th, the North Maluku Environmental Agency issued an official letter to confirm these inspection results and confirm that PT WBN could continue its mining operations. This information was also relayed in local media. .

In fact, to this date, WBN does not have any active mining area that could potentially impact the Sagea river.

Attachments :

- **Letter from the North Maluku Provincial Government Environmental Services** confirming the absence of impact of PT WBN's activities on the color issue of the Sagea river + English translation: "Recommendations for Interim Results Report Boki Maruru Area Investigation Team" dated September 6th, 2023.
 - **Article in Indonesian media Kontan:** [PT IWIP Respon Isu Pencemaran Sungai Sagea \(kontan.co.id\)](https://www.kontan.co.id)
4. *How does PT WBN process its mining waste, including tailings? What steps, if any, does Eramet take to ensure that PT WBN mining activities do not harm freshwater resources?*

- Regarding mining activities, no mine tailings are produced per se; unprocessed limonite and rocky waste are stored in a dedicated waste dump within the mining area and equipped with a geotechnical monitoring, as well as water quality monitoring at the discharge point of the sediment ponds built downstream of the waste dump. When a mining area is completed, it is restored and revegetated, including the mine waste dump area.
- Regarding pyrometallurgical activities (WBN RKEF Pyro Plant), the slags (waste or by-product of the FeNi smelting process) are water-cooled and reduced to fine to be used as field material for construction. WBN incorporates 100% of the tailings in construction works. These slags are confirmed by third party analysis to be inert materials and non-dangerous waste. There is no waste storage for WBN RKEF Pyro Plant that could cause harm to freshwater resources.

5. *Please describe the process of WBN selling or transferring part of its mining concession in Central Halmahera to IWIP for the development of the 5,000-hectare industrial park. When did this land sale occur? How much did IWIP pay for the lands previously held by PT WBN?*

The land within the mining concession of PT WBN belongs to the Government of Indonesia.

Would PT WBN relinquish part of its mining concession, it would hand back these relinquished parts of the mining concession back to the Government of Indonesia.

PT WBN had acquired from the Government of Indonesia about 1432,22 hectares of land initially near the coast between 2011 and 2016. In 2018 it sold these lands to IWIP at historical costs (including taxes). IWIP has acquired the rest of the land of the industrial park from the Government of Indonesia, while considering where requested the compensation of local communities' customary usage rights of the land.

Regarding PT Weda Bay Nickel and Supply Chains:

- 6. *Is all nickel mined by PT WBN transported to IWIP for processing? If not, what percentage of nickel mined by PT WBN is processed at IWIP? What companies purchase raw nickel ore from PT WBN?***

All the Nickel ore mined at PT Weda Bay Nickel is either processed by PT WBN's FeNi smelter or sold to FeNi or HPAL smelters located in IWIP industrial park.

- 7. *Does Eramet track the supply chain of nickel mined by PT WBN? If available, please provide a list of companies and smelters where nickel mined by WBN is refined.***

All of the FeNi or HPAL smelters located in IWIP industrial park are customers of PT WBN.

The list of PT WBN customers is privileged commercial information, therefore we cannot provide it in the framework of this study.

- 8. *It is our understanding that PT WBN also operates a nickel smelter within IWIP. Is all the nickel smelted at that facility mined by PT WBN? If not, where does the PT WBN smelter source its nickel ore?***

All the ore that is consumed by the FeNi smelter of PT WBN is sourced from PT WBN mine.

Regarding PT Weda Bay Nickel and Human Rights Concerns:

- 9. *Please describe the process of acquiring land in the PT WBN mining concession. Did Eramet and PT WBN hold public meetings with local communities about the proposed project? If so, please provide information about the dates, locations, and attendance of those meetings, and details of the information provided at each meeting.***

Prior to any activity, extensive consultation campaigns have been conducted as part of the Environmental and Social Impact Assessment Process.

The process of Land Acquisition for PT WBN started in December 2008 in Lelilef village. It started with coordination between WBN, National Land Agency (BPN) and District authorities about the WBN proposed land acquisition, situated in the area which was at that time limited to the Lelilef Sawai Village area in Central Halmahera Regency.

- In accordance with Indonesian Law, WBN team together with Land Agency a District Government informed and consulted communities from Lelilef Sawai during public consultations, about the land acquisition process and its steps.
- A land measurement and land claimant census were carried out on the field with the land claimants themselves, along with a Local Government dedicated team and the National Land Agency. In accordance with IFC PS 5, PT WBN compensated all claimants even though most of them did not have a legal land title.
- In parallel, a negotiation process on the price was initiated with community representatives selected by community members and allowed to reach an agreement in 2010 (See response # 11). Additional compensation for plants was performed according to a local matrix. All documentation, from land measurement reports to land acquisition agreements, have been archived by PT WBN.

The same process has been extended to other areas until 2016, including areas within Lelilef, Woebulen and Gemaf villages. In order to ensure that compensated claimants would not experience a decrease in their livelihoods, livelihood restoration measures were set, such as access to trainings on agriculture or small businesses with the support of local development NGOs.

After a period of mothball of the WBN project, PT IWIP took over the land acquisition process for the development of the Industrial Park on the coastal areas, including for WBN plants, in accordance with Indonesian Law. All compensation is paid to the landowner prior to any impact. All associated documentation is archived by PT IWIP.

Besides coastal areas, most of the mining concession is located in a forested area which is owned by the government. To exploit these areas WBN goes through a forestry “borrow and use” permitting process including stringent requirements on compensation, rehabilitation, revegetation, and relinquishment. The local communities do not have legal nor customary ownership of the land in these forested areas.

However, in some cases where the forested areas converted may provide some ecosystemic services to neighbouring communities or could be located within customary boundaries of a specific village, WBN has set a scheme to provide specific in-cash and in-kind collective support scheme ‘Tali Asih’ to the community to ensure that the livelihoods and living conditions of the neighbouring communities are enhanced, going beyond the requirements of the local regulation.

10. Did Eramet and PT WBN get the full Free, Prior, and Informed Consent (FPIC) from indigenous communities prior to beginning mining activities, including the O’Hongana Manyawa? If so, please provide documentation of (1) how Eramet and PT WBN consulted with each community; (2) the information provided to each affected community; and (3) the consent, if given, of the community to WBN.

The government of Indonesia does not recognize the status of indigenous groups for any of the neighboring communities of WBN operations in Halmahera.

The Tobelo living in the forest, sometimes called O’Hongana Manyawa in some ethnographic studies, rely entirely for their subsistence on ecosystem services. Therefore WBN recognizes them as a particularly vulnerable community and is committed to respecting their mode of life and monitoring closely any potential direct or indirect impact to their livelihoods.

Extensive anthropological due diligence has been conducted on this community and an engagement program is active with this community. It is operational prior to any mining operations.

WBN maintains culturally appropriate, and mutually respectful relations with this Tobelo community. As part of the ongoing ‘Tobelo Management Plan’, WBN decided end 2022 to update and expand our due diligence to make sure that any potential impact on the ecosystemic services of the Tobelo community is mitigated and that they are consulted in an appropriate way. The studies and consultations are currently underway.

This process will be conducted in line with IRMA guidelines on the topic.

11. How was the price for land acquired by PT WBN determined? Did PT WBN offer a set price, or did it negotiate price with landowners? How much did PT WBN offer to purchase lands for? If possible, please provide a list of land acquired and prices paid per plot.

For coastal areas where land can be legally acquired, initially, the proposed land price was determined based on a land appraisal made in 2010 by a consulting firm, which assessed the land market value using transaction data, interviews with broker and sale agents, government officials, land owners etc.

After negotiation with community representatives in 2010, an agreement was reached for a replacement cost of land above the high end of the land market value range found by the consultant.

All claimants were compensated regardless of the existence of property titles.

For any new land acquisitions, land compensation rates are established in a transparent consultative process in line with local regulations and local authorities. The price of the land is based on market valuations validated by the local authorities. If there is any productive use of the land (eg crops are present), all the

assets are compensated at full replacement cost based on a regulated compensation matrix, in line with local regulations.

12. It is our understanding that some community members have not received any compensation from PT WBN for their lands. What steps, if any, has Eramet taken to ensure that PT WBN is fairly compensating all landowners, including Indigenous Peoples for their customary lands?

All entitled individuals with a legal right over the land are fairly compensated prior to any impact, as described in the process above.

Customary rights of communities of forested areas are not individual in nature, but collective customary rights. No transactions on land per se can be done, due to the administrative status of the land. Prior to exploitation of the areas WBN does consult with the communities and negotiate with them in fair terms. Collective support to the relevant community is provided in kind and in cash to support livelihood enhancement projects.

However, in cases where that process could be incorrectly implemented, community members are welcome to submit complaints through the dedicated juridical and non-juridical grievance mechanisms and a dedicated WBN team is in place to file those grievances and address them.

Since year 2022, Eramet has been conducting yearly environmental and social internal audits in PT WBN within the framework of its Duty of Vigilance. The implementation of industry best practices, including those of the IRMA standard, are monitored and challenged during those sessions, as are the thorough implementation of community, dialogue, grievance & impact management processes.

13. It is our understanding that Eramet has committed to have PT WBN mining sites assessed by an independent third-party against the IRMA Standard for Responsible Mining by 2027. Please provide more information on the timeline for this assessment and the third party that will be undertaking the assessment.

Eramet, in accordance with its partner IWIP, has decided to submit its PT WBN site to an independent third-party audit against the IRMA standard, and the board of PT WBN validated this decision in 2022.

In September 2022, the Indonesian government hosted a conference dedicated to the implementation of the IRMA standard for all mining projects on its territory, at the instigation of Eramet.

IRMA is recognized as the most stringent responsible mining standard and encompasses best practices from international standards (IFC, ILO, UN, OECD) in its requirements. Internal preparation works are underway and the audit should take place in 2025. As per IRMA rules, the audit report will be made public at the end of the audit period.

Regarding the Sonic Bay project:

- 1. Please provide a timeline on the planned permitting and construction of the Sonic Bay project at IWIP.*

The Sonic Bay project, i.e. the construction of an HPAL plant and its dry residue storage facility, is still at feasibility study phase.

Eramet and its partner BASF have not yet taken the final investment decision (FID) to launch the project. The project investment decision is pending once the project execution model and economics satisfactorily be found.

- 2. Please provide underlying documentation for the proposed Sonic Bay project at IWIP, including building permits, environmental and social impact studies, and other related documents.*

The Sonic Bay project Amdal (Indonesian Environmental and Social impact study) is part of the IWIP Amdal, as per Indonesian regulation. The IWIP Amdal, including the Sonic Bay project scope, has been secured in 2022. Construction permits process will be launched after the FID is taken, in coordination with IWIP, as per the regulatory framework of the PSN (National Strategic Project) status of IWIP.

- 3. Please provide information about the HPAL technology that will be used by the Sonic Bay project. Can you describe the process by which nickel ore will be refined? What will be the final materials produced? How will waste products, including slurry and tailings, be disposed of?*

The HPAL process consists in the following steps:

- **First, the limonite ore is prepared as a slurry pulp**, going through a beneficiation plant that screens out big size particles and separates by gravity the coarse chromite particles contained in the ore.
- **Second, the value metals (Ni, Co) contained in the slurry ore are selectively leached in sulfuric acid, before separating them.** The leaching is done in high pressure acid leach (HPAL) autoclaves which are operated at 55 bars and 255°C for 1h. Then, the leached slurry is partially neutralized with limestone before feeding 6 thickeners (washers) operated in counter-current and allowing to separate the leached solution from the residues (tailings).
- **The washed solution goes then to 3 precipitation units.** The first one consists in selectively eliminating the Aluminum and Iron contained to be stored as dry tailings. The second one will allow, to **precipitate a mixed hydroxide product (MHP) containing about 40% Ni and 5% Co** – the main product of the HPAL plant. The third precipitation unit is the effluent treatment unit, where any the remaining metals, mainly Manganese, are precipitated to be also stored in the dry tailings storage facility. Eventually, the remaining wastewater, for the part that cannot be recycled, once neutralized and free from heavy metals is then disposed, after final treatment to remove solids in suspension, to the sea.
- **Fourth, tailings from the previous step are neutralized** with lime and then sent to press filters allowing to generate a dry tailings cake which **can be disposed**, safely and according to best practices, **in the tailings disposal area as dry stack.**

4. *Where will Eramet source nickel ore and other raw materials for the proposed Sonic Bay project?*

The nickel ore for the Sonic Bay project will be sourced from PT WBN. Other materials will be sourced domestically in Indonesia or internationally depending on domestic availability.

5. *How does Eramet plan to monitor its suppliers, including mines supplying nickel ore to the Sonic Bay project, for human rights and environmental abuses?*

Regarding nickel ore supply, Eramet is confident that PT WBN mine shall be IRMA-audited by the time Sonic Bay starts operations. Regarding other suppliers, the monitoring shall be done along with Eramet's Responsible Purchasing Policy, which includes the use of CSR criteria in tenders and a thorough CSR screening for at-risk suppliers.

Attachment : Eramet responsible Purchasing policy : [Charter and policies - Eramet](#)

6. *What are the expected power use requirements for the Sonic Bay project?*

- i. What energy sources will be used to power the Sonic Bay project?*
- ii. What are the expected annual emissions of the Sonic Bay project?*
- iii. If the Sonic Bay project will be powered by captive coal plants, what steps will Eramet take to ensure that its operations at the Sonic Bay project are in line with its pledge to contribute to the fight against climate change in host countries?*

The total power demand for Sonic Bay project has been estimated during the prefeasibility study at about 70-75 MW. The major part (about 60 MW) is met by self-produced power generated thanks to heat recovery from the site sulfuric acid plant. Deducting the power produced internally, the resulting external power requirement is currently estimated at 10-20 MW.

For the remaining portion, it will be initially supplied by the IWIP grid or diesel generators during ramp-up and plant stabilization. Within 5 years following the plant start up, Sonic Bay will install solar panels on the achieved dry tailings stack to replace sourcing of external power and achieve zero emissions from power generation or sourcing.

Total emissions for Sonic Bay project are currently estimated between 16-18 t CO₂/t Ni₂ including 7-9 t CO₂/t Ni for scope 1&2. While SNB emissions are already below similar operations in Indonesia, an action plan has been defined and is in progress to attempt to further minimize emissions within 5 years of start-up. This includes optimizing heat recovery in the plant, implementing solar panels after project ramp-up, reducing the usage of limestone and sourcing reagents with low carbon footprint.

Note that the project investment decision should occur before the end of S1-2024.

7. How will Eramet ensure that the Sonic Bay project does not contribute to environmental and/or human harm, including water and air pollution?

SNB project process design criteria and technology have been selected to comply by design with IFC standards for both air emissions and wastewater, or industry best practices for those not defined by IFC. Moreover, industry best practices in line with [Global Industry Standard on Tailings Management – Global Tailings Review](#) will be implemented to safely dispose tailings as a dry stack and to recover and recycle as much as possible waste and rain water from the tailings and plant area. Any non-recycled water will be treated by a wastewater treatment plant and safely disposed of in the sea as effluent, complying with Indonesian regulation, IFC and industry best practices. A safety observation buffer pond will be implemented to ensure the quality of the final effluent before it is disposed at sea.

8. Does Eramet management have plans to mitigate potential harms to the rights of Indigenous Peoples and other local communities posed by its proposed operations at IWIP? If yes, please elaborate.

9. Does Eramet management have plans to remediate harms to the rights of Indigenous Peoples or other local communities that result from its proposed operations at IWIP? If yes, please elaborate.

Common answer to questions 8 & 9 :

As specified above a due diligence was launched by WBN and a specific engagement plan is in place to address any potential impact to the livelihood system of the local Tobelo living in the forest (so called o’Hongana Manyawa) community.

More generally, a grievance mechanism is accessible to community members to signal any complaints or impact resulting from WBN operations.

In the early stages of the WBN development as well as in the Sonic Bay project, Eramet has constantly been advocating the implementation of best practices, as explained in the answers above.

For operations conducted with IWIP, since year 2022, Eramet has been conducting yearly environmental and social internal audits in PT WBN within the framework of its Duty of Vigilance. The implementation of industry best practices, including those of the IRMA standard, are monitored and challenged during those sessions, as are the thorough implementation of community, dialogue, grievance & impact management processes.