

November 29, 2023

Mr. Xue Hua Chen  
Chairman, Zhejiang Huayou Cobalt Co., Ltd.  
No.18 Wuzhendong Road, Tongxiang City,  
Zhejiang Province  
China

*SENT VIA EMAIL AND REGULAR MAIL*

**RE: Summary of findings for upcoming report on the environmental and human rights impacts of the nickel industry in Indonesia**

Dear Mr. Xue Hua Chen,

I am writing on behalf of Climate Rights International, a U.S.-based NGO that conducts research and advocacy on the human rights dimensions of the climate crisis. For the past several months, we have been carrying out research for a report that we plan to publish on the human and environmental impacts associated with nickel mining and smelting at and near the Indonesia Weda Bay Industrial Park (IWIP).

Based on more than forty interviews with community members, our research finds that nickel mining in Central and East Halmahera, North Maluku and nickel smelting at IWIP are threatening the rights of local people, harming the local environment, and contributing to the climate crisis. Community members told Climate Rights International that their lands have been taken by nickel companies, they were not able to fairly negotiate land sales, and Indigenous Peoples have been denied their legal right to Free, Prior, and Informed Consent (FPIC). In addition, pollution from industrial activities is threatening critical freshwater resources and the ecosystems that people depend on for their traditional livelihoods. Despite claims that nickel from this project is needed to power the electric vehicle transition, massive deforestation and coal use at IWIP are directly contributing to the climate crisis, making this project a climate bomb.

We want to ensure that our report accurately reflects the views, policies, and practices of relevant authorities and companies, and we hope that you or your representatives will respond to the following questions, outlined below. Any responses will be reflected in our reporting as appropriate, and we may publish your responses at our discretion and when appropriate, either in full or in part.

**Questions:**

Related to IWIP

1. It is our understanding that Zhejiang Huayou Cobalt Co., Ltd. (Huayou) holds a 30 percent stake in IWIP. How does Huayou ensure that companies operating at IWIP are in

full compliance with Indonesian laws and regulations? Does it conduct regular, unannounced audits?

2. Is Huayou planning to invest in renewable energy at IWIP? If so, please provide more information about its plans.
3. We understand that Huayou aims to achieve carbon neutrality on the materials side by 2030 and a carbon neutral supply chain by 2050. How does Huayou take the total planned 3.78 GW of power produced by coal at IWIP into account in assessing its compliance with its climate commitments?
4. Please describe the process of acquiring land prior to the development of the industrial park. Did PT IWIP hold public meetings with local communities about the proposed project? If so, please provide information about the dates, locations, and attendance of those meetings. In addition, please detail the information provided to communities at those meetings.
5. What steps is Huayou taking, if any, to ensure that industrial activities at IWIP do not contribute to human rights or environmental harms?

#### Regarding smelting operations at IWIP

1. It is our understanding that Huayou and its subsidiaries are invested in at least three nickel refining plants at IWIP. Please provide a full list of Huayou investments at IWIP.
2. Where does Huayou source nickel ore and other raw materials from for its smelting operations at IWIP? Please provide a list of mines used to source raw nickel ore.
3. What due diligence, if any, does Huayou conduct to ensure that IWIP facilities in which it is invested do not cause environmental or human rights harms?
4. Does Huayou conduct or hire third parties to conduct audits at the IWIP facilities it invests in? If so, please provide information on each audit that has been undertaken, including the identity of the organization conducting the audit and the results of the audit.
5. Please provide information about freshwater usage and wastewater treatment for Huayou facilities at IWIP. How do the facilities in which you are invested manage wastewater? Where does hot water from industrial facilities, including coal plants, go?
6. Please describe the waste management systems for Huayou facilities at IWIP. What is the process for dealing with industrial waste, including tailings and coal ash? Where is waste deposited?
7. Where does Huayou send nickel that it smelts at its facilities at IWIP? What country or countries is that nickel exported to? Does Huayou track its full supply chain?

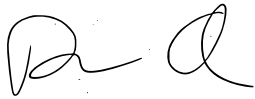
8. Is any nickel mined or smelted by Huayou in North Maluku exported to companies operating in the Xinjiang Uygur Autonomous Region?
9. We understand that Huayou has agreements with Tesla, Volkswagen, and Ford to supply nickel, including nickel sourced from Indonesia. Does the nickel supplied pursuant to those agreements currently come from Huayou operations at IWIP? In the future, will the nickel supplied pursuant to those agreements come from Huayou operations at IWIP? If not, where will Huayou source the nickel to fulfill those agreements?
10. Please provide a full list of the automobile companies that purchase nickel from Huayou's operations in North Maluku and in Indonesia.

Please provide your responses in writing. Your responses can only be considered for inclusion in our report if we receive them by December 20, 2023. Please reply in English [REDACTED] copying [REDACTED]. In addition, please include any other materials, statistics, and/or information you think may be relevant.

I also welcome the opportunity to speak with you or your representatives. Please let me know if you have any questions or if you would like to arrange a meeting or video conference.

Sincerely,

Brad Adams



Executive Director, Climate Rights International

[REDACTED]