

November 29, 2023

Mr. Yu Qiang Zhang
Chairman, Zhenshi Holding Group Co., Ltd.
No. 288 Phoenix Lake Rd.
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. Yu Qiang Zhang,

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.

It is our understanding that Zhenshi Holding Group Co., Ltd. is one of three joint venture partners in IWIP.

Questions:

Corporate Governance

1. Does Zhenshi Holding Group Co., Ltd. have internal and/or public policies on human rights, environmental impacts, due diligence, or other ESG considerations? If so, please provide those policies.
2. Has Zhenshi made any commitments to address the climate crisis? If so, please provide those statements.
3. Is any nickel processed by Zhenshi further processed by its facilities in the Xinjiang Uygur Autonomous Region? If yes, at what facilities?

Related to IWIP

1. How does Zhenshi ensure that companies operating at IWIP are in full compliance with Indonesian laws and regulations? Does it conduct regular, unannounced audits? 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.
2. Is Zhenshi planning to invest in renewable energy at IWIP? If so, please provide more information about its plans.
3. 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.
4. What policies and practices does Zhenshi have in place 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 Zhenshi is invested in the PT Yashi Indonesia Investment nickel refining project at IWIP. Can you provide a full list of Zhenshi investments at IWIP?
2. Where does Zhenshi source nickel ore and other raw materials from for its smelting operations at IWIP? Please provide a list of mines.
2. Does Zhenshi conduct audits at the IWIP facilities it invests in? If so, please provide information on each audit that has been undertaken, including the results of each audit.
3. Please provide information about freshwater usage and wastewater treatment for Zhenshi facilities at IWIP. How do the facilities manage wastewater? Where does hot water from industrial facilities, including coal plants, go?

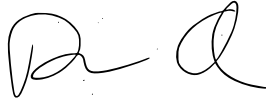
4. Please describe the waste management systems for Zhenshi facilities at PT IWIP. What is the process for dealing with industrial waste, including tailings and coal ash?
5. Where does Zhenshi send nickel that it smelts at its facilities at IWIP? What country or countries is that nickel exported to? Does Zhenshi sell that nickel to other companies? If so, please provide a list of companies that purchase nickel from Zhenshi's operations at IWIP. Does Zhenshi track its full supply chain?
6. Is nickel smelted by Zhenshi directly used in electric vehicle batteries? Do downstream purchasers of nickel from Zhenshi further refine that nickel for use in electric vehicle batteries? Please provide a full list of automobile companies that purchase nickel from Zhenshi'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 at [REDACTED] copying [REDACTED]. In addition, please include any other materials, statistics, and/or information you think may be relevant.

I would 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]