

Civil Society Organizations' Comments/Reactions to the Vale's "Our Strategy and Commitments - Statement on PT Vale Indonesia Tbk" dated August 29, 2023¹

Prepared by WALHI South Sulawesi, WALHI, Friends of the Earth Japan, and Pacific Asia resource Center (September 8, 2023)

First, before commenting on each of the points raised in Vale's Statement in the table below, we would like to express our disappointment that, with respect to the local farmers' and women's desperate hope "To exclude farmland, where local communities depend on for their livelihoods, and adequate buffer zones from the area to be mined (including the Tanamalia block currently under exploration)," which is mentioned in our letter to Vale/PTVI shareholders dated August 18, 2023 ("the Letter")², we note that Vale has made no specific comment on the issue in its statement. We believe that Vale's failure to provide any answer or response to one of the most fundamental and critical issues for the communities indicates how void Vale's words about "We emphasize open dialogue with local communities and authorities to resolve conflicts" are. Vale/PTVI must respect such aspirations and concerns of the communities and women.

Vale's Statement	CSOs' Comments/Reactions
<p>Para 3: Any activities related to relocation and compensation adhere to the International Finance Corporation's Performance Standards on Environmental and Social Sustainability and other internationally recognized best practice frameworks. Farmers, for instance, who have been subject to involuntary displacement have been duly compensated.</p>	<p>IFC's Performance Standards 5 "Land Acquisition and Involuntary Resettlement," states as one of the objectives, "To improve, or restore, the livelihoods and standards of living of displaced persons" in Para. 3. In addition, Para. 9 etc. requires that compensation and assistance "at full replacement cost" is offered and that "Compensation standards will be transparent and applied consistently to all communities and persons affected by the displacement." Para. 29 also states that "Transitional support should be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living."</p>

¹ <https://vale.com/en/web/esg/last-updates?updtTitle=Statement%20on%20PT%20Vale%20Indonesia%20Tbk>
² <https://foejapan.org/en/issue/20230818/13949/>

	<p>There are reported cases where the involuntary displacement measures taken by PTVI do not comply with the stipulations of the IFC's Performance Standards as described above. For example, in Asuli village, when farmers lost access to their farmland starting in 2017, some farmers were paid compensation at the time and others were not. It was also reported that in some of the latter cases, compensation was finally paid in 2023, but the standard of compensation differed from that of the former.</p> <p>In our Letter dated August 18, we have also pointed out the following situation.</p> <ul style="list-style-type: none"> • Even when compensation was paid, some farmers reported that it was never enough considering the labor, fertilizers, and other necessary expenses they had invested in cultivating their farmland. • In the first place, monetary compensation is not a sustainable measure, since it ends when it is used up. • There are also reports of cases where the level and conditions of compensation are not consistent, including cases where there is no compensation at all, leading to the division of communities.
<p>Para 4: In compliance with Indonesian laws and regulations, PTVI reports acts of violence and disruption of mining activities through non-peaceful demonstrations, such as a recent occurrence near the Asuli and Lembo South area in 2023.</p>	<p>As far as we verified the community's report, the community protests around Asuli in February 2023 were peaceful, and we understand that there was no "acts of violence and disruption of mining activities through non-peaceful demonstrations" as claimed by PTVI. Based on the community's report that we have verified, the community did not destroy any property, and merely gathered on the street to request PTVI to pay attention to the problems, so that their water</p>

	<p>sources and environment could not be polluted by PTVI's mining activities.</p> <p>The protests around Asuli occurred because PTVI had failed to respond to the community's aspiration or demand. The affected community has rights acknowledged both by domestic laws and international norms to conduct peaceful protests while on the otherhand, PTVI fails to act responsibly to the problems faced by the community.</p>
<p>Para 5: Prior to commencing mining activities, PTVI conducted a comprehensive hydrological analysis to minimize potential impacts on existing water sources and storage ponds. This analysis revealed that the pre-existing water storage ponds already suffered from issues of being brown and muddy with limited water volume, confirming that the poor quality of the spring water existed prior to PTVI initiating mining operations in the area. Additionally, the Lembo South block featured unauthorized pepper plantations within a protected forestry area established by local communities alongside mining activities. Based on PTVI's hydrological analysis, there is no evidence of adverse effects on water storage ponds resulting from mining activities.</p>	<p>This statement shows how PTVI has neglected the opinions and testimonies of residents and how it has failed to engage in dialogue with the affected residents with sympathy. Their testimony that a water source turned brown and muddy when it rains since PTVI's mining activities should not be dismissed based solely on the results of hydrological analysis, but rather the testimonies of these residents should be taken seriously in assessing risks and impacts.</p> <p>In addition, according to the community, their complaint related to the water source started only after the PTVI's mining activities. Thus, the community doesn't think that the pepper farming caused such problems about the water source.</p>
<p>Para 5: Despite the limited extent of our mining operations in the Lembo South Block and the absence of any negative impact on the local communities' water storage ponds, PTVI has taken proactive steps in constructing multiple water tank facilities to cater to the needs of neighboring communities, especially the Asuli village.</p>	<p>It is difficult to say that "PTVI is also dedicated to enhancing the well-being of the communities where it operates" as measures have not been completed after 6 months from the residents' complaints regarding the impact on the water sources used daily by the communities, including women and children.</p>

<p>Para 6: PTVI is dedicated to addressing concerns related to hexavalent chromium (Cr6+) within our operations. The 2022 PTVI Sustainability Report highlights our meticulous monitoring and sampling efforts, consistently demonstrating that Cr6+ levels in effluents remain well below permissible limits.</p>	<p>The possible water contamination by hexavalent chromium we pointed out in our Letter dated August 18 differs from the water quality monitoring locations presented in the 2022 PTVI Sustainability Report.</p> <p>In addition, such reports and results on water quality and environment surrounding the mining and smelter's operation must be made public in an accessible and understandable way to the affected communities.</p>
<p>Para 7: Notably, since July 2023, the community has taken charge of a self-managed water system initiated and furnished by PTVI. Through active participation, the community maintains operation and upkeep of this system, ensuring the sustained availability of clean water.</p>	<p>While there may be some communities that have been highlighted about "the sustained availability of clean water" in Vale's statement, it should be recalled that there are communities in PTVI mining-affected areas who are not in such situations and still have problems with access to clean water.</p>
<p>Para 8: PTVI refrains from making comments on the discretionary actions of the Police and regulatory bodies.....</p>	<p>In Principle 2 of the UN Global Compact, to which Vale is committed ("Businesses should make sure that they are not complicit in human rights abuse."), the followings are listed as possible Complicity to Human Rights Abuses.</p> <ul style="list-style-type: none"> • Beneficial complicity — when a company benefits from human rights abuses even if it did not positively assist or cause them • Silent complicity — when the company is silent or inactive in the face of systematic or continuous human rights abuse. <p>In this case, PTVI's refraining from commenting, or omission (failure to act) to comment on the human rights abuses committed by the military and heavily armed police officers could be a possible complicity in the human rights abuses. As indicated in the UN Global Compact, Vale/PTVI should "privately and publicly condemn systematic and continuous human rights abuses" by</p>

	<p>military and police officers occurring in the field.</p> <p>It should be noted that the presence of several armed police officers and the involvement of the military in PTVI's exploration activity (ex. farmers directly witnessed the military coming out of PTVI's contractor's company car) have caused very deep fear to the community, especially to women and children. According to women around the Tanamalia block, the involvement of the military and armed police officers is indirect intimidation to them.</p>
<p>Para 8: Our approach to conflict resolution prioritizes open dialogue involving the community, village, sub-district, district governments, and other stakeholders.</p>	<p>Pepper farmers, who are demanding the suspension of exploration in the Tanamalia block, have been calling on PTVI to solve the problem directly through protest actions³ and have called for discussions directly with PTVI through local press conferences.⁴ However, PTVI was not willing to engage in dialogue with farmers soon. Rather than engage in dialogue with farmers, PTVI continued to enable the military and heavily armed police officers to respond to the community in an oppressive manner.⁵</p> <p>PTVI asked the Towuti sub-district head to conduct a socialization (not a consultation) at the Towuti sub-district head's office on September 7, 2023. Unfortunately, based on views from the community around the Tanamalia block, the way how to hold the socialization is not appropriate and not meaningful as below;</p> <ol style="list-style-type: none"> 1. Only invited some selected persons, such as 5 villages' heads, but not all

³ <https://walhisulsel.or.id/4026-pernyataan-sikap-masyarakat-petani-dan-perempuan-loeha-roya-menolak-aktivitas-eksplorasi-dan-perluasan-tambang-pt-vale-indonesia-di-blok-tanamalia-kecamatan-towuti-kabupaten-luwu-timur/>

⁴ <https://www.journaltelegraf.com/2023/07/menjaga-akar-warisan-dan-identitas.html>

⁵ <https://www.journaltelegraf.com/2023/06/tuntutan-petani-dan-perempuan-merica.html> ;

<https://www.indeksmedia.id/2023/07/26/petani-dan-perempuan-ketakutan-walhi-sulsel-desak-pt-vale-indonesia-hentikan-militerisasi-di-blok-tanamalia-luwu-timur/> ; <https://www.youtube.com/watch?v=sD9R7poZO50>

	<p>the community members to attend the socialization meeting;</p> <ol style="list-style-type: none"> 2. Invited <i>muspika</i> (the police and the military) to the socialization meeting; 3. Invited farmers and workers to attend the socialization meeting at the same time and place (According to pepper farmers, this is very risky in creating conflicts between contract workers and farmers); 4. Did not invite women, while the negative impacts of exploration and mining activities in the future has been/will be experienced by women as well. <p>Thus, the farmers and women around the Tanamalia block refused to attend the socialization on September 7, and asked PTVI to hold another meeting separately for them.</p>
<p>Para 9: During a protest in 2023, PTVI found that the protest escalated into vandalism. To avoid potential further escalations or a hostile situation developing, PTVI reported the situation to the authorities, deferring the enforcement to them, as per applicable law. While PTVI cannot comment on police discretion, PTVI's commitment to dialogue is unwavering whilst upholding our obligation to report incidents and prioritize peaceful resolution, fostering a safe and inclusive environment.</p>	<p>As far as we know, the community protests around Asuli in February 2023 and around Tanamalia block since July 2023 were peaceful, and we understand that there was no "protest escalated into vandalism" as claimed by PTVI. The community did not destroy any others' or public property, too.</p> <p>The community protests occurred around Tanamalia block because PTVI didn't respond to the community's demand to stop its exploration, to hold meaningful public consultations, to ensure Free, Prior, and Informed Consent (FPIC), and to respect the community's attitude.</p> <p>When farmers and women were demonstrating around Tanamalia block, they were confronted by heavily armed police officers (Brimob). We would like to ask whether this kind of act satisfies Vale's human rights standard for handling protests from affected communities.</p>

	<p>PTVI must make sure not only “deferring the enforcement to the authorities, as per applicable law”, but also as per international human rights standards.</p> <p>In addition, as described in the above, Vale/PTVI should "privately and publicly condemn systematic and continuous human rights abuses" by military and police officers occurring in the field, in accordance with the UN Global Compact.</p> <p>Further, if PTVI's commitment to dialogue is unwavering, PTVI should have engaged in an earlier and more appropriate form of dialogue with the farmers who are demanding to exclude their farmland from the area to be mined in Tanamalia block.</p>
<p>Para 10: Engagement through open dialogue is a cornerstone of PTVI's approach, and we actively prioritize interactions with the local community, village leadership, sub-district and district governments, as well as other relevant stakeholders. It is crucial to note that PTVI's influence does not extend to military actions. We respect military jurisdiction and are committed to safeguarding and upholding human rights within our operations. Inquiries or concerns pertaining to military conduct should be directed to the appropriate governing bodies in Indonesia.</p>	<p>PTVI should have had an earlier and more appropriate form of open dialogue with the farmers and women, who are demanding to exclude their farmland from the area to be mined in the Tanamalia block, without the involvement of military and police.</p> <p>In addition, as described in the above, Vale/PTVI should "privately and publicly condemn systematic and continuous human rights abuses" by military and police officers occurring in the field, in accordance with the UN Global Compact.</p>

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