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International Environmental NGO FoE Japan

WALHI／FoE Indonesia

WALHI Gorontalo

Forest Watch Indonesia

Trend Asia

Hanwa CO., LTD

### **Answer for Questionnaire about Wood Pellets from Indonesia**

Our biomass business operates under the framework of the Feed-in Tariff (FIT) system for renewable energy, aligning with the system's objectives and expected outcomes as part of our efforts toward the global transition to clean energy and the realization of a low-carbon society. We conduct our operations with a focus on transparency, complying with environmental and forestry-related laws and regulations and obtaining all necessary government permits and approvals. We hereby respond to your inquiry dated November 6, 2025, with this letter.

#### **■ Efforts toward Sustainable Biomass Production**

Sustainable biomass energy production is at the core of our biomass business. We source wood pellets from PT Biomasa Jaya Abadi (PT BJA), which processes wood sustainably sourced by PT BTL and PT IGL. PT BTL and PT IGL cultivate Gamal, which is harvested on a 4-5 year cycle. All forest cultivation activities are conducted in accordance with Indonesian laws and regulations.

According to land history information from Indonesia's Ministry of Environment and Forestry, the concession areas of PT BTL and PT IGL were confirmed as secondary forests showing traces of logging activity from the 1990s to the 2000s.

The Gamal primarily cultivated there is classified as an energy crop by the Indonesian Ministry of Environment and Forestry and as a plantation crop by the Ministry of Agriculture. Gamal is a perennial plant capable of yielding 4 to 5 harvests per planting, with a renewal cycle of approximately 4 years. Its rapid growth and strong roots make it valuable not only as a new energy resource but also for conservation and soil erosion prevention.

PT BTL and PT IGL utilize their operational land annually with approval from the Ministry of Forestry. The approval process for their Annual Work Plans (RKT) confirms the sustainable

operation of their plantations.

#### ■ Environmental and Social Considerations and Legal Compliance

Our biomass operations are conducted in accordance with our Environmental Policy, Human Rights Policy, and other relevant policies. These policies include compliance with environmental laws and regulations, and the efficient use of resources and energy.

We confirm that PT BJA, PT BTL, and PT IGL are in full compliance with all applicable laws and regulations. PT BTL and PT IGL obtained Land Use Rights/Cultivation Rights (HGU) from the Gorontalo Provincial Office of the National Land Agency (BPN) in 2013 and 2014, respectively. In 2020, they also received “Private Forest (Hutan Hak)” designation from the Ministry of Environment and Forestry for timber and forest product utilization.

The operations of PT BTL and PT IGL are audited by independent auditors certified by the Ministry of Environment and Forestry, and both companies hold Forest Product Legality Verification (VLHH) certificates.

We source wood pellets only from concession areas where assessments have been conducted in accordance with the requirements of Indonesia's Environmental Impact Assessment (AMDAL) system.

#### ■ Environmental Impact Assessment (EIA) Process

The Environmental Impact Assessment (EIA) conducted by PT BTL and PT IGL was carried out in accordance with the following six steps.

1. Screening and Scoping
  - Determining EIA necessity based on project scale and potential impacts
  - Identifying environmental items requiring detailed assessment
2. Baseline Data Collection
  - Assessing current environmental conditions (air, water quality, soil, biodiversity, etc.)
  - Conducting socioeconomic and cultural surveys of surrounding communities
3. Impact Identification and Assessment
  - Predicting both positive and negative environmental impacts
  - Evaluating the significance and likelihood of impacts
4. Mitigation and Management Plans
  - Developing strategies to minimize negative impacts
  - Establishing pollution prevention, land restoration, and biodiversity conservation measures
5. Environmental Monitoring and Compliance
  - Establishing a system to monitor environmental performance
  - Ensuring ongoing sustainable operations and compliance with regulations
6. Public Consultation and Approval
  - Engaging in dialogue and gathering opinions from stakeholders, including local residents

- Submitting reports for review and approval by authorities

Environmental monitoring, including of conservation areas, is conducted continuously every six months.

#### ■ Efforts toward Protection of Biodiversity

The Environmental Impact Assessment (EIA) conducted by PT BTL and PT IGL concluded that impacts on biodiversity are manageable through appropriate mitigation measures and is properly implemented. Key initiatives are as follows:

a) Establishment of Protected Areas and Wildlife Corridors

- Creation of High Conservation Value (HCV) Areas: Designate specific zones within the project area as protected areas to conserve endemic and endangered species.
- Wildlife Corridors: Establish corridors to enable wildlife movement between habitat patches, mitigating the risk of habitat fragmentation.
- Buffer Zones: Maintain buffer zones along rivers and steep slopes to prevent habitat destruction.

b) Protection and Monitoring of Endangered Species

- Species Protection: Implement conservation activities to minimize project impacts on selected species within the concession area.
- Monitoring Program: Track wildlife populations through regular biodiversity assessments to detect significant declines.

c) Forest Regeneration and Habitat Restoration

- Native Tree Planting: in case, land development impact high conservation value areas, native species will be replanted to restore ecological functions.
- Soil and Water Conservation: Prevent land degradation through erosion control measures such as terraced fields and vegetation restoration. Environmental monitoring and surveillance of conservation areas are conducted continuously every six months.

#### ■ Community Engagement Regarding HCV Assessment

PT BTL and PT IGL prioritize the principle of Free, Prior, and Informed Consent (FPIC). We have conducted stakeholder mapping, participatory mapping, focus group discussions, and detailed interviews with relevant key stakeholders in multiple villages, including those located downstream of the concession. Through these processes, we have gathered information directly from the community and understand that we are appropriately reflecting the opinions of the local community.

We hope this response contributes to your understanding of the current situation. While respecting your organization's views, we will continue our efforts toward sustainable biomass energy production, aiming to support local communities and contribute to economic development, while maintaining lawful and socially responsible business operations.