

May 25, 2026

International Environmental NGO FoE Japan
WALHI／FoE Indonesia
WALHI Gorontalo
Forest Watch Indonesia
Trend Asia

Hanwa CO., LTD

**Our Response to the Supplementary Inquiry
(Regarding Wood Pellets Imports from Gorontalo, Indonesia)**

We appreciate it that you sent us additional questions about the import of wood pellets in an inquiry on January 21, 2026.

Our biomass business is one of our efforts to achieve the global transition to clean energy and a decarbonised society aligned with the objectives and expected effects of the direction of Japanese government policies and operate within the framework of the Feed-in Tariff system for renewable energy. In addition, we comply with applicable laws and regulations and operate with a strong emphasis on transparency after obtaining the necessary government permits and approvals.

Under these efforts, we believe that it is important to work on the accomplishment of climate goals with realistic issues related to energy transition. We also recognize it is essential to engage in ongoing dialogue with our stakeholders in order to move forward to our realistic and balanced efforts toward decarbonization.

Thus, we would like to explain our position regarding the points raised in your follow-up inquiry below. We hope this helps you better understand our efforts.

■ Efforts toward Sustainable Biomass Production

As we mentioned in our previous response, PT PBL and PT IGL supplying raw materials to PT Biomass Jaya Abadi (PT BJA) as our wood pellet suppliers are conducting their operations after having obtained some necessary right to use business lands / cultivation rights (HGU) from regional office of Indonesian National Land Agency (BPN) at Gorontalo.

Prior to the granting of business and use rights / cultivation rights (HGU) to PT BTL and PT IGL in 2014, the relevant areas were owned and managed by a different operator who is not relevant with the both companies. When we confirmed the land use status of the relevant areas at a past point in time based on published data by the Indonesian Ministry of Forestry, these areas were categorized as “Forest that have been logged (Hutan Bekas Tebangan)”. Based on an analysis of land cover map by the same ministry, it was confirmed evidence that human-induced forest alteration or logging had occurred in the early 2000s. Thus, we recognized that logging and forest alteration in these areas had already taken place before PT BTL and PT IGL’s involvement, that is, prior to the HGU was granted.

We view the reforestation and management of land where logging or alterations have occurred in the past as

Gamal plantations, in accordance with local laws and regulations, as a part of our sustainability efforts. Our afforestation / reforestation activities are not only for securing short-term raw material supply, but also for strengthening long-term and sustainable supply base. Logging and afforestation / reforestation have been conducted in a planned manner aligned with market trends and its growth conditions based on applicable laws, regulations and management plans while leveraging the existing forest resources in the relevant areas.

■ Environmental and Social Considerations and Legal Compliance

As mentioned above, we source wood pellets from PT BJA, which processes raw materials supplied by PT BTL and PT IGL. We verify compliance with all applicable laws and regulations related to our business.

Both PT BTL and PT IGL have obtained Forest Product Legality Verification (VLHH/SVLK) certificates to confirm the legality of their forest resources. This system is a certification scheme operated by the Indonesian government that ensures forest products harvested, processed, and distributed are sourced from legal sources and meet the country's legal requirements. This system applies not only to forest-derived resources but also to non-forest areas (such as plantations). Furthermore, audits, certifications, and on-site surveys conducted by relevant Indonesian authorities and independent certification bodies have confirmed that we comply with all legal requirements, including those related to land rights, investment, forest resource utilization, and certification requirements.

As part of this process, an Environmental Impact Assessment (EIA/AMDAL) is conducted appropriately in accordance with applicable laws and regulations prior to the start of operations. This assessment has been reviewed and approved by the environmental authorities with jurisdiction over the target area, and we have confirmed that all necessary environmental permits and approvals have been obtained prior to the start of operations.

Furthermore, public consultations are conducted in accordance with relevant laws and regulations as an important component of the environmental approval process. In Indonesia, these procedures involve not only provincial and regency-level administrative authorities but also representatives from the sub-district and village levels. Procedures and related documents regarding FPIC (Free, Prior, and Informed Consent), as well as records of dialogues, opinions, and exchanges with the community, are prepared and managed by PT BJA, PT BTL, and PT IGL, and are properly documented as official records for obtaining permits and approvals. While the details of the environmental impact assessment results, including these consultation records, are not generally made public, dialogue with stakeholders is a critical element in obtaining permits and approvals for this large-scale project.

■ Building Relationships with Local Communities and Efforts for Biodiversity

PT BTL and PT IGL strive to build ongoing relationships with local communities throughout the year through various initiatives in healthcare, education, and socio-cultural activities, while also actively promoting employment for residents of Puwato District and Gorontalo Province. PT BJA and the two companies are among the major employers in the region, and as of February 2026, approximately 72% of the more than 1,500 employees are local residents. As a result, during discussions held in March of this year between the Puhuwato Regency Government and our company, Regent Saiful A. Muinga acknowledged that our company contributed to regional economic development through job creations.

Furthermore, regarding the periodic monitoring and reporting of environmental impact assessments conducted by both companies in accordance with Indonesian laws and regulations, there is a system that allows stakeholders, including citizens, to participate and observe the process. Additionally, prior to land development, both companies formulate annual business plans and proceed with their operations only after obtaining government approval. These plans include assessments related to environmental and ecosystem conservation, and reforestation / afforestation activities are carried out in accordance with relevant laws, regulations, and sustainability standards.

■ Our Upcoming Efforts

Recognizing that climate change is one of the most critical international challenges in today's world, we keep

This document is an unofficial translation provided for reference. The original Japanese text takes precedence. [Original Japanese text is available here: [link](#)]

committed to efforts toward energy transition and decarbonization.

While acknowledging that the transition to low-carbon energy involves multifaceted challenges—including economic, logistical, and technological aspects—we are dedicated to sincerely engaging with feedback from our stakeholders and working to improve and strengthen our business operations accordingly.