

3 April 2024

To whom it may concern:

Response to ARRC Statement dated 28 March 2024

In 2021, the Jardine Matheson group (Jardines) approached the ARRC Taskforce (the Taskforce) to seek its expert advice on how to mitigate the risks posed to the Tapanuli orangutan through the operations of the Martabe Gold Mine¹. Following on from the initial discussions between Jardines and the Taskforce, a Memorandum of Understanding (the MOU) was signed in 2022. This led to a year of productive engagement that had a meaningful impact on the operations of the mine. However, much to the regret of Jardines, and despite such progress, in the light of legal regulations on sharing survey data in Indonesia, in 2023 the Taskforce informed Jardines that they would not extend the arrangement.

We acknowledge that this situation is not straightforward, particularly when it comes to the legal regulations controlling the sharing of survey data in Indonesia. However, we were nevertheless very disappointed that the Taskforce decided not to continue to work with us to find solutions to the challenges faced by the mine that did not involve the sharing of data.

We note that the Taskforce have now published a statement dated 28 March 2024. In this statement, the Taskforce make a number of claims and assertions that in our view misrepresent the nature of the work that the mine's operating company, PT Agincourt Resources (PTAR), is conducting and the positive impact that has been achieved to date.

PTAR is highly focussed on mitigating any adverse impacts the mine's operations may have on the Tapanuli orangutan population and their habitat. To this end, PTAR established its Biodiversity Advisory Panel (the BAP) in 2020, comprising independent and highly regarded Indonesian scientists, to advise it on how best to mitigate the impact of its mining activities.

The BAP has spent the past year undertaking a detailed review of the proposed development plans. Its panellists conducted extensive field work, evaluated independent research and engaged with key local and international stakeholders. The BAP approved the

¹ PT Agincourt Resources ("PTAR"), a mining company based in Indonesia, controls the mine. Jardine Matheson is the indirect majority owner of PTAR through its subsidiaries, Jardine Cycle & Carriage, PT Astra International Tbk and PT United Tractors Tbk.



plans, comprising exploration and essential structural work, subject to PTAR applying a set of strict mitigation measures and conditional on the scientists remaining directly involved in monitoring the work at every stage to ensure it complies with such mitigation measures. In addition, PTAR and the BAP have been and always remain open to direct engagement with the Taskforce.

Until late 2022, the entirety of the mine's footprint was located outside the Batang Toru Key Biodiversity Area (KBA) boundary and an overlapping Alliance for Zero Extinction (AZE) site. However, the boundary of the KBA was moved sometime in late 2022, resulting in an overlap of a small section of the mine's existing footprint and future footprint known as Tor Ulu Ala with the KBA. This re-delineation of the KBA boundary was undertaken without any consultation with PTAR who have always been open and willing to work with all concerned stakeholders to avoid any adverse impacts on the Tapanuli orangutan population and their habitat. It should be noted that the KBA Secretariat clearly explains that mines can operate inside a KBA provided they follow best practice, which the Martabe mine does.

We address the specific issues raised in the Taskforce's statement, as follows:

- **Transparency:** PTAR understands and values the need for transparency and strove, throughout its engagement with the Taskforce, to disclose as much information as possible, while complying with legal constraints which required the Taskforce to obtain consent from the Government of Indonesia (the Government) to have full access to the data. Jardines was advised by the Taskforce that it had submitted a request in March 2022 to the Government to be granted access to the data. The Government responded by directing the Taskforce to the orangutan data published on the official the Government website, which we understand was deemed insufficient by the Taskforce.

PTAR and the BAP did try to find ways of engagement without breaching the relevant legal constraints on data sharing. PTAR offered a direct scientist-to-scientist dialogue through which knowledge could be shared and they funded the repetition of some transect surveys following the Taskforce's suggestion. The invitation to members of the Taskforce to visit the mine to see the operations for themselves and to spend time with the BAP members remains open.

Today, PTAR shares regular updates on operations at the mine through their website. Jardines has been working with them to increase the levels of disclosure

over recent years and together we are committed to sharing everything that is permissible and appropriate.

- **Conflict of interest:** We reject the assertion that the BAP lacks independence. The BAP comprises eminent scientists: all are permanent faculty members of top-tier universities in Indonesia whose scientific credentials and professional ethics are beyond question and whose work is widely known and respected. While financially compensated for their time in the same way as other independent advisers, such as auditors, these academics agreed to participate in the BAP on the strict condition that their autonomy would be honoured. In addition, they have the right to disclose any failure to follow their recommendations. The BAP has sanctioned the Tor Ulu Ala area for exploration following a process of intensive evaluation and they have not consented and will not consent to any further mining activity without a comprehensive and robust science-based process. Furthermore, the BAP is open to having its work scrutinised by external stakeholders, including the Taskforce.

We also repudiate the assertion that the BAP is benefitting directly from the offset project and other additional conservation activities. The offset project is being carried out by third-party consultants, not the BAP. The BAP involvement in the offset project is limited to a peer review process of the offset project to ensure it meets the criteria to form part of a proposed mitigation strategy. Further, the BAP does not receive any additional compensation for the offset project and other additional conservation activities.

The assertion that the BAP has any vested interest and is not independent simply because it receives compensation is disrespectful to the integrity and expertise of the BAP members.

- **Extent of impacts:** Given the complexity in predicting project impacts on biodiversity and ecosystem services over the long term, PTAR has been advised to adopt (and has adopted) a practice of Adaptive Management in which the implementation of mitigation and management measures are responsive to changing conditions and the results of monitoring throughout the project's lifecycle. PTAR has consistently expressed its concerns about the fragility of the surrounding Tapanuli orangutan population and their habitat and is fully aware of all the potential adverse impacts. Having some of the leading primatologists on the BAP means that the mine's senior management is regularly informed in detail about the state of the

Tapanuli orangutan population and their habitat and the precautionary measures required. In addition to surveys carried out by the BAP of the mine and surrounding areas, certain BAP members have also carried out surveys in the wider Batang Toru forest landscape as part of government survey programs. These scientists are experts on not only primates but also the region and therefore extremely well placed to advise the company on both the potential impacts of the mine's operations and appropriate mitigation measures. Therefore, to assert that there is a lack of understanding of the potential impacts is incorrect. However, there is always more that can be learnt about the species and the impact of mining and other activities on their habitat and populations. This requires collaboration and collective effort. We had hoped that by working with the Taskforce we would be able to draw on their experience and also share learnings from the BAP's on-the-ground research.

The assertion that PTAR has not yet implemented any orangutan-specific measures is also misleading. PTAR has published details of this work on its website and the BAP scientists shared details with, and sought the advice of the Taskforce during our engagement. Significantly, the BAP has advised on the construction and placement of orangutan observation outposts to monitor orangutan activity and support further research into their activity. PTAR has agreed to these without question. The BAP also requires PTAR to carry out regular and investigative transects and phenological surveys, to put in place a number of monitoring tools including camera traps, drones, and patrols, and to manage the knowledge and insights from that system to inform relevant stakeholders and improve the company's internal code of conduct. PTAR has done all of these things.

- **Absence of a monitoring and evaluation program:** It is entirely incorrect to state that PTAR does not carry out monitoring and evaluation. PTAR's environmental team, overseen by the BAP, firmly believes that it adheres to IFC Performance Standard 6. Accordingly, PTAR is ready and available to explain the processes being deployed in detail with the Taskforce and to take on board any constructive recommendations they may have in the interests of continuous improvement.
- **Greenwashing:** In stating its commitment to establish a major conservation area, PTAR is committed to a period of consultation with key stakeholders prior to announcing any details. As soon as that process has completed, PTAR will share comprehensive information about this project, but in the meantime we can state that the project will be considerably larger than the existing mine and will be fully funded

and endure long after the mine has closed and been restored to forest. PTAR is entirely genuine in its efforts to enhance the viability of the Tapanuli orangutan and other species in its mission to protect the surrounding biodiversity. PTAR remains open to sharing its plans with the Taskforce on a confidential basis in order to gain its members' expert inputs.

In conclusion, there continues to be disappointment by Jardines at the Taskforce's decision not to extend the MoU and it is hoped that this reply to the assertions made in the Taskforce's statement will pave the way for a renewed dialogue.

PTAR invites designated members of the Taskforce to meet with its senior management and the BAP, and to visit the mining operations at their earliest convenience.

At the same time, Jardines wishes to clearly convey its willingness to engage with the Taskforce and further understand its concerns, appreciating there is always room for further improvement. Jardines sees the protection of the Tapanuli orangutan as integral to the overall success of the Martabe Mine.