

Date: November 6, 2025

To: Mr. Yoichi Nakagawa
President & CEO
Hanwa Co., Ltd.

Request to Stop the Import of Wood Pellets Threatening Indonesia's Forests

Indonesia's rich natural forests, which have long been diminished by logging and plantation development, are now facing a new crisis in the name of "decarbonization." Under so-called *Energy Plantation Forests (Hutan Tanaman Energi / HTE)* established for biomass power generation and coal co-firing, natural forests are being cleared and converted into industrial plantations.

In 2019, 13 such HTE areas were established, and by 2025 this number has expanded to 57.

According to estimates by Indonesian NGOs, approximately **1.3 million hectares** of forest are now at risk of being cleared for wood pellet production.

The situation is particularly serious in **Gorontalo Province** in northern Sulawesi, where the clearing and conversion of natural forests are destroying rich biodiversity, increasing the risk of floods, and disrupting traditional land and forest use by local communities.

Your company, **Hanwa Co., Ltd.**, has been importing a significant volume of wood pellets from Gorontalo, Indonesia. These pellets are used as fuel in Japan's biomass power plants and coal-fired plants engaging in co-firing. However, as described above, the production of these wood pellets is associated with severe environmental and social problems. Indonesian environmental organizations have voiced strong concerns, declaring that "**Indonesia's forests are not fuel.**"

In light of these circumstances, we respectfully request that your company **stop the import of wood pellets from Indonesia** in order to prevent further destruction of natural forests.

We would also appreciate it if you could kindly provide responses to the attached **Questionnaire Regarding Wood Pellets from Indonesia**.

Sincerely,

Questionnaire on Wood Pellets from Indonesia

1) Awareness and Information Sources

What is your company's understanding of the fact that wood pellet imports may be linked to natural forest clearing, biodiversity loss, and the disruption of local communities' land and forest use?

What information serves as the basis for that understanding?

2) **Consistency with Hanwa's Environmental and Human Rights Policies**

Do you not consider that such circumstances are inconsistent with your company's environmental and social policies (*1, *2), particularly those relating to the protection of nature and respect for human rights?

**(1) Environmental Policy / Code of Conduct*

- a) Compliance with environmental laws and regulations ("Compliance with guidelines")
- b) Consideration for the natural environment ("Consideration for biodiversity")
<https://www.hanwa.co.jp/csr/environment/management.html>

**(2) Hanwa Group Human Rights Policy*

<https://www.hanwa.co.jp/csr/society/human-rights.html>

3) **Voluntary Efforts to Ensure Legality and Sustainability of Imported Wood Pellets**

Your company states that it is undertaking voluntary initiatives to ensure the legality and sustainability of imported wood pellets, such as (1) Establishing procurement policies in line with legality and sustainability standards (2) Conducting voluntary due diligence.

- a) Could you please disclose your company's **Procurement Policy in line with Legality and Sustainability**?
- b) In your **voluntary due diligence**, how does your company confirm the following aspects when procuring wood pellets produced in Gorontalo Province? What documents or information are used as evidence to support your verification?
 - i) The impact of wood pellet production on natural forests
 - ii) The impact on surrounding villages and residents near logging sites
 - iii) For each of the following:
 - a. Traceability (proof of origin)
 - b. Legality
 - c. Sustainability