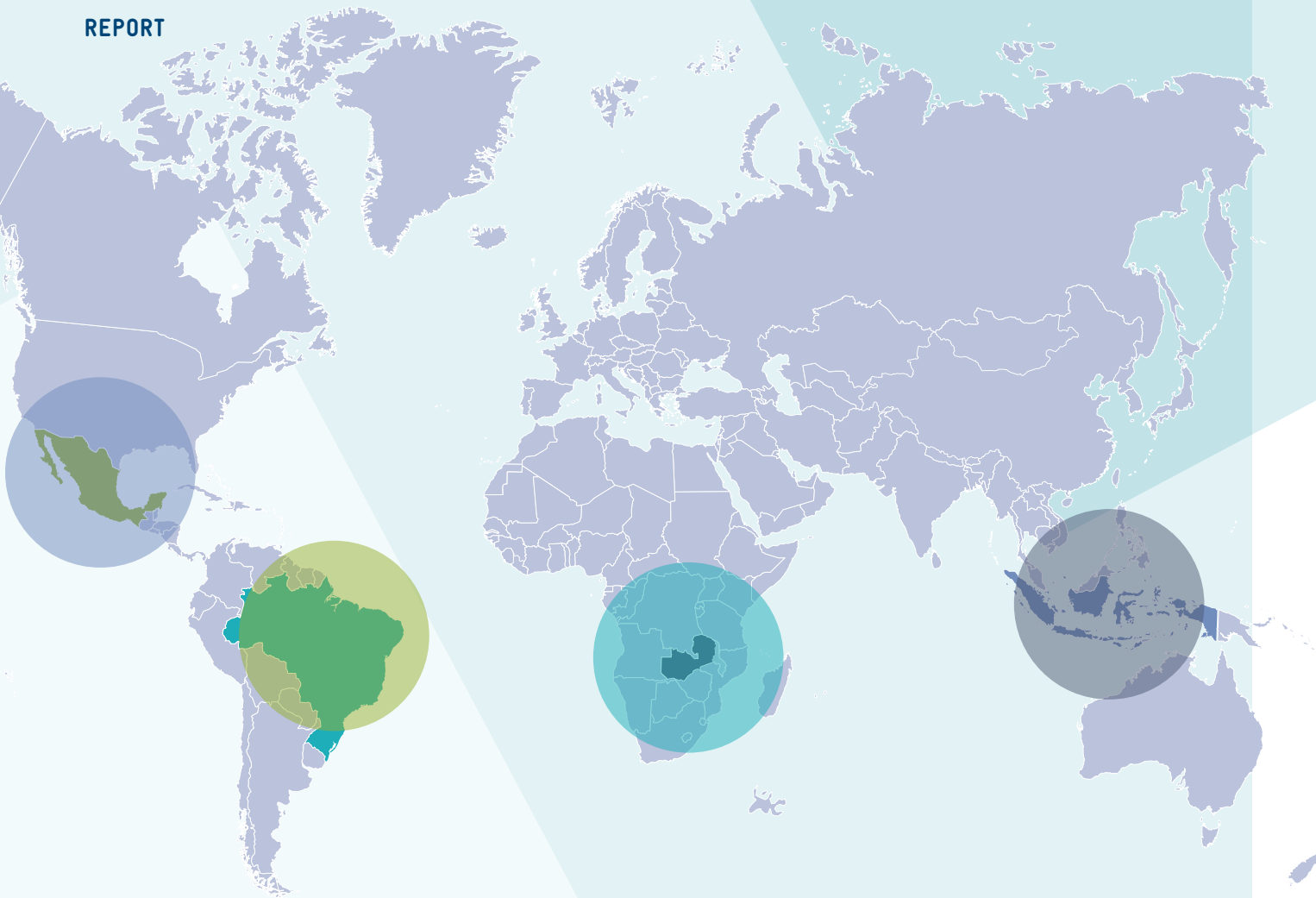


REPORT



Implementing EU Due Diligence Regulation in Mineral-producing Countries: A Needs and Gap Analysis

IGS Investing in Resilient
and Sustainable
Global Supply Chains

Published by

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

On behalf of



Federal Ministry
for Economic Cooperation
and Development

For the attention of:

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

January 2026

Implementing EU Due Diligence Regulation in Mineral-producing Countries: A Needs and Gap Analysis

About this report: The study, commissioned by the Sector Programme “Extractives and Development” and the Global Programme “Initiative for Global Solidarity” of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, is designed to analyse potential gaps and challenges in the implementation of EU due diligence regulation in mineral producing countries, based on in-depth analysis of four producer country case studies: Indonesia, Zambia, Mexico and Brazil.

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Acknowledgements: The authors would like to thank all industry actors, public authorities, civil society organisations and other stakeholders from Indonesia, Brazil, Mexico and Zambia who agreed to be interviewed for this study, as well as all other participants who took the time to complete the study’s survey.

The authors would also like to acknowledge the GIZ team as well as its partner organisations, the Global Battery Alliance (GBA), the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF), and the United Nations Environment Programme (UNEP), for their support in stakeholder mapping and in facilitating outreach to stakeholders.

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LIST OF ABBREVIATIONS

AMDAL	Environmental Impact Assessment (Indonesia)
ANM	Agência Nacional de Mineração (Brazilian Mining Agency)
APNI	Indonesian Nickel Miners Association
ASI	Aluminium Stewardship Initiative
ASM	Artisanal and Small-Scale Mining
BKPM	Ministry of Investment / Investment Coordinating Board (Indonesia)
BMZ	German Federal Ministry for Economic Cooperation and Development
BESS	Battery Energy Storage Systems
CCCMC	China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters
CEBDS	Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável (Brazilian Business Council for Sustainable Development)
CMSI	Consolidated Mining Standard Initiative
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil Society Organisation
CSRD	Corporate Sustainability Reporting Directive (EU)
EITI	Extractive Industries Transparency Initiative
ESG	Environmental, Social and Governance
EU	European Union
EU BR	EU Batteries Regulation
EU CSDDD	EU Corporate Sustainability Due Diligence Directive
EU CSRD	EU Corporate Sustainability Reporting Directive
EU DR	EU Deforestation-Free Regulation
EU CMR	EU Conflict Minerals Regulation
EV	Electric Vehicle
FPIC	Free, Prior and Informed Consent
GBA	Global Battery Alliance
GBI	Global Business Initiative on Human Rights
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GTN BHAM	National Task Force on Business and Human Rights (Indonesia)
GTD BHAM	Regional Task Force on Business and Human Rights (Indonesia)
HREDD/HRDD	Human Rights and Environmental Due Diligence
IBAMA	Brazilian Institute of Environment and Renewable Natural Resources
IBRAM	Instituto Brasileiro de Mineração (Brazilian Mining Institute)
ICT	Information and Communication Technology
IEU CEPA	Indonesia–EU Comprehensive Economic Partnership Agreement Intergovernmental
IGF	Forum on Mining, Minerals, Metals and Sustainable Development
IGS	Initiative for Global Solidarity
ILO	International Labour Organization
IMIP	Indonesia Morowali Industrial Park
IRMA	Initiative for Responsible Mining Assurance
LkSG	German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz)

MAB	Movimento dos Atingidos por Barragens (Brazil)
MAM	Movimento pela Soberania Popular na Mineração (Brazil)
NEC	National Economic Council (Indonesia)
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
OECD MNE Guidelines	OECD Guidelines for Multinational Enterprises
PAC	Growth Acceleration Plan (Brazil)
PERHAPI	Indonesian Mining Experts Association
PRISMA	Business and Human Rights Risk Assessment Tool (Indonesia)
RBC	Responsible Business Conduct
RMI	Responsible Minerals Initiative
SME	Small and Medium-sized Enterprise
TSM	Towards Sustainable Mining
UN	United Nations
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNGPs	United Nations Guiding Principles on Business and Human Rights
UN-OHCHR	United Nations Office of the High Commissioner for Human Rights
USMCA	United States–Mexico–Canada Agreement
VSS	Voluntary Sustainability Standards
WBCSD	World Business Council for Sustainable Development
ZIMEC	Zambia International Mining & Energy Conference

EXECUTIVE SUMMARY

This study, commissioned by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, examines **potential gaps, challenges, and opportunities associated with the implementation of European Union (EU) due diligence regulations in mineral supply chains**. The study is based on qualitative case studies from four mineral-producing countries: Indonesia, Zambia, Mexico, and Brazil, and draws on semi-structured interviews with public authorities, civil society, upstream industry actors, as well as on a small-scale survey.

Awareness: Overall, the findings indicate a moderate level of awareness of EU due diligence regulation among stakeholders in the four producer countries, with civil society organisations (CSOs) and industry actors demonstrating higher awareness than public authorities and the EU Corporate Sustainability Due Diligence Directive (CSDDD) being the most widely recognised instrument, reflecting its broad scope and prominence.

Perceived opportunities: Stakeholders across the four countries generally view EU due diligence regulation positively and consider them highly relevant to their organisations and to government policy. They highlight a range of opportunities, including:

- improved human rights and environmental outcomes;
- greater involvement of rightsholders, and strengthened dialogue and collaboration with industry;
- enhanced access to remedy, particularly through civil liability provisions;
- the mandatory nature of the regulations, which offers greater consistency (in contexts of weak domestic enforcement);
- improved competitiveness and access to European markets.

Perceived risks: At the same time, stakeholders consistently raised concerns about potential risks and unintended consequences, including:

- disproportionate compliance burdens on small and medium-sized enterprises (SMEs) and artisanal and small-scale mining (ASM) actors, resulting in market consolidation;
- competitive disadvantages for suppliers serving EU markets, potentially resulting in shifts toward less regulated markets;
- a disconnect between EU regulation and national strategies, undermining local ownership;
- a perceived growing complexity of overlapping regulations and standards risks increasing administrative burdens, diverting resources away from meaningful risk mitigation and remediation.

Preparedness: Nearly half of the stakeholders consulted have begun preparing for EU due diligence regulation, primarily in relation to the EU CSDDD.

Preparedness appears most advanced in Brazil and Indonesia, while stakeholders in Zambia and Mexico report lower levels of readiness. Current efforts focus largely on awareness-raising (across all stakeholder groups); supplier engagement and establishment of due diligence management systems (among industry actors); rightsholders' preparedness support through training, supply chain mapping, and, in Brazil, exploring the strategic use of EU regulation in litigation (by civil society); and efforts to align national frameworks and facilitate dialogue with downstream actors (by public authorities in Indonesia, Zambia).

Based on these findings, the study outlines a set of targeted measures for GIZ, to help mitigate negative effects and support stakeholders in mineral-producing countries in preparing for implementation.

These include expanding inclusive awareness-raising beyond EU-linked firms to local SMEs and non-Western partners; strengthening understanding and the practical application of due diligence; and addressing confusion by promoting alignment between mandatory regulations and voluntary standards.

The study concludes that these efforts could be significantly enhanced through the establishment

of dedicated local human rights and environmental due diligence (HREDD) focal points in mineral-producing countries. These hubs could provide technical assistance, contextualised information, access to risk data, and spaces for dialogue between local stakeholders and EU downstream actors, thereby supporting more effective, inclusive, and sustainable implementation of EU due diligence regulation.

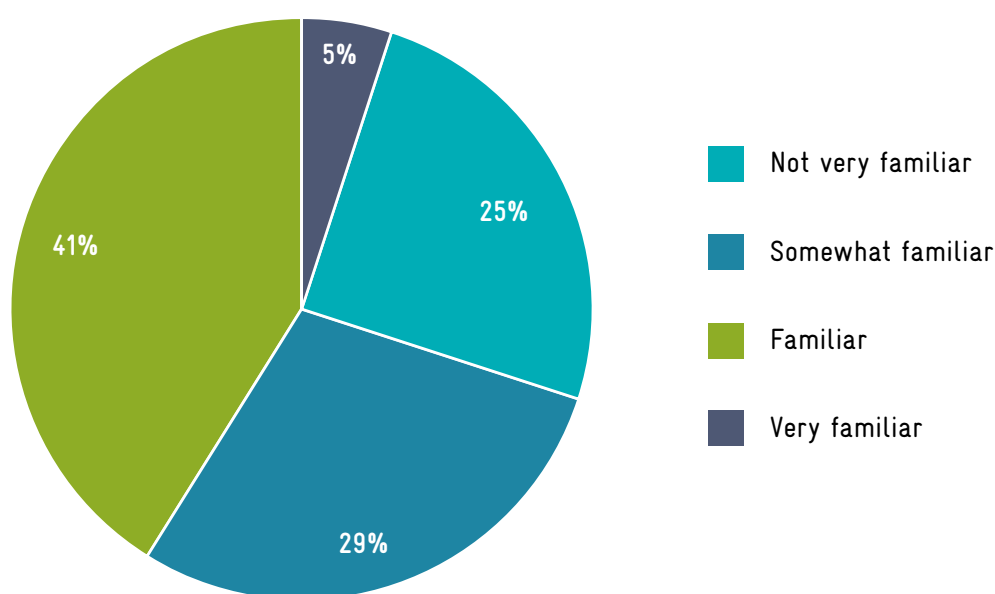
TECHNICAL EXPERT SUMMARY

This study, commissioned by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, is designed to analyse stakeholder perceptions, assess current levels of implementation and identify potential challenges related to three key EU due diligence regulations: the EU CSDDD, the EU Battery Regulation (EUBR) and the EU Conflict Minerals Regulation (EU CMR). This qualitative study is based on an in-depth analysis of four producer country case studies: Indonesia, Zambia, Mexico and Brazil. It draws on semi-structured interviews with key stakeholders in mineral supply chains as well as a small-scale survey (n = 21) conducted between April and August 2025. The stakeholders engaged for this report included public authorities in mineral-producing countries, CSOs and upstream industry representatives.

Awareness: The study finds that the various stakeholder groups consulted for this report appear to be moderately aware of EU due diligence regulation, with 70% of survey respondents indicating that they were (somewhat) familiar with at least one of the EU due diligence regulations.

- Awareness of EU due diligence regulation varies across the stakeholder groups, with CSOs and industry actors generally exhibiting the highest level of familiarity.
- It is particularly notable that the EU CSDDD is by far the most widely recognised regulation among stakeholders. Across the stakeholder groups, awareness appears to be driven largely by in-country awareness-raising and training activities, most of which are organised by national stakeholders.

Figure 1: Stakeholders' awareness of EU due diligence regulation in general (all three EU regulations combined) (based on 21 responses).



Perceived opportunities: Stakeholders across the four countries broadly support EU due diligence regulation and perceive them as highly relevant to their organisations and to government policy. They highlight a range of opportunities, including:

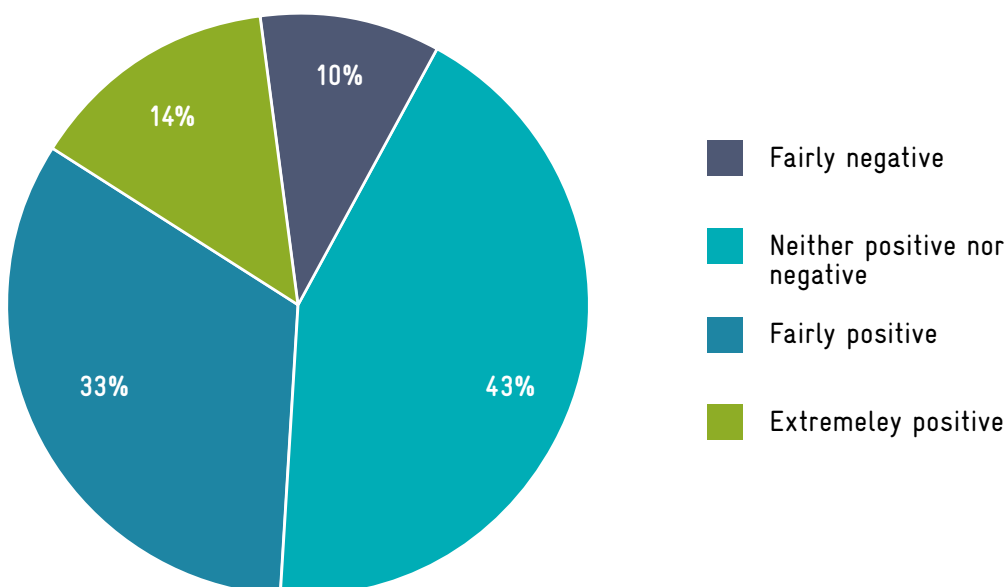
- Improved human rights and environmental outcomes, with increased rightsholder involvement in risk assessments, co-development of mitigation measures and facilitated access to remedy through the regulations' civil liability provisions;
- The mandatory nature of EU due diligence, which brings greater stability and consistency to HREDD, especially in countries where enforcement of existing laws is politically fragile;
- Enhanced reputation and competitiveness of mineral-producing countries, supporting their image as responsible mineral producers and improving their access to premium markets in Europe; and
- Lastly, EU due diligence regulation is seen as an important means to strengthen dialogue between civil society and industry actors.

Perceived risks: While stakeholders acknowledge the potential long-term benefits that EU due diligence regulation could bring, stakeholder groups in the

four countries also consistently expressed concerns, including:

- Disproportionate impact on small and medium-sized enterprises (SMEs) and ASM, who may lack the capacity to comply, potentially leading to increased market consolidation or divestment from such smaller suppliers and, ultimately, undermining the goal of inclusive and equitable responsible sourcing;
- Competitive disadvantage for companies supplying to EU markets, possibly prompting a shift toward less regulated markets and a reduction in mineral supply to Europe;
- A disconnect between EU due diligence regulation and national development strategies, particularly in Zambia and Mexico, which may undermine local stakeholder support and reduce incentives to engage with EU due diligence regulation beyond basic compliance; and
- Increased regulatory complexity, which may result in duplicative reporting and increased administrative costs, thereby reducing resources available for actual risk mitigation and remediation of adverse impacts.

Figure 2: Stakeholders perceptions on the adoption of EU due diligence regulation (based on 21 responses)



Preparedness: Almost half of the stakeholders engaged in this study have begun preparing, at least to some extent, for the implementation of EU due diligence regulation.

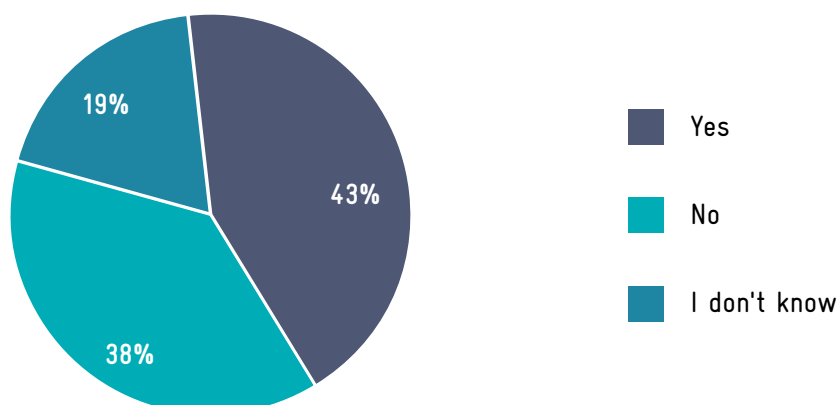
These preparations are mostly linked to the EU CSD-DD, and to a lesser extent to the EU CMR and EUBR. Stakeholders in Brazil and Indonesia appear to be the most advanced in their preparations, demonstrating higher levels of preparedness than their counterparts in Zambia or Mexico. Such efforts appear to be largely focused on organising awareness-raising or training events on EU due diligence regulation for employees, members and affected rightsholders. However, both civil society and industry actors seem to be going a step further:

- **Various companies report actively engaging with supply chain actors, such as customers and suppliers, as well as downstream companies, through due diligence-related requests.** A smaller group of industry actors is taking further steps by establishing and/or operating due diligence management systems to identify and address risks within their operations and supply chains. Interestingly, various companies indicate that EU due diligence regulation is not their primary starting point for commencing HREDD. Instead, existing commitments to voluntary standards such as the Initiative for Responsible Mining Assurance (IRMA) (in Indonesia) that are often driven by major downstream industries or existing regulations such as The Act on Corporate Due Diligence Obligations in Supply

Chains (Lieferkettensorgfaltspflichtengesetz, LkSG) (in Brazil) have already prompted them to begin improving business practices at an earlier stage.

- **Civil society and international organisations also appear to be actively engaging with EU due diligence regulation through various approaches.** For example, they have disseminated information about EU regulations and provided training on best practices in HREDD (Zambia). Another form of engagement involves actively preparing rightsholders (organisations) for the implementation of EU regulation through supply chain mapping and outreach to both up and downstream industry actors, strengthening collaboration and emphasising companies' responsibility to address labour and environmental risks within their supply chains (Indonesia). In Brazil, CSOs are exploring how EU due diligence regulation could be leveraged as a tool for strategic litigation against companies operating in the country.
- **The study was able to assess how public authorities in the four mineral-producing countries are preparing for implementation only to a limited extent,** with no information gathered for Brazil and Mexico. Public authorities in Indonesia and Zambia indicate that they are investing in aligning and harmonising national regulatory frameworks with EU regulatory (reporting) requirements. They are also engaged in organising donor-supported workshops that bring together local producers with downstream actors.

Figure 3: Percentage of stakeholders taken action to prepare for and/or start implementation of EU due diligence regulation (based on 21 responses)



Stakeholders consulted for this study identified significant challenges associated with the implementation of EU due diligence regulation, as well as unintended consequences, both anticipated and already observed. In response, the study outlines a set of targeted measures for development cooperation agencies, such as GIZ, to help mitigate these effects and support stakeholders in mineral-producing countries in preparing for implementation:

- **Limited awareness and integration into corporate culture:** Awareness of EU due diligence regulation remains low among industry actors, especially local SMEs and non-Western joint venture partners. This limited understanding poses a risk of delayed adoption or non-compliance. GIZ could play a key role in the provision of inclusive awareness-raising efforts, targeting not only EU-linked companies but also SMEs and non-western companies in order to promote a more balanced understanding and help counter existing power imbalances.
- **Gaps in HREDD understanding and application:** A general lack of in-depth knowledge regarding HREDD remains a key barrier. Many stakeholders face challenges in interpreting EU requirements and translating them into context-specific, actionable steps. This reflects not only limited familiarity with EU regulations but also a broader lack of understanding of HREDD as a whole, including the effective implementation of the six-step due diligence process.¹ Strengthening HREDD literacy among supply chain actors, civil society and public authorities in mineral-producing countries is therefore essential, both for effective implementation of EU due diligence regulation and for advancing improved practices more broadly.

- **A complex and fragmented due diligence landscape:** Stakeholders consistently reported confusion arising from the complex and overlapping landscape of national laws, international regulations and voluntary standards. GIZ could leverage its networks with public authorities in mineral-producing countries and with standard-setting bodies to explore opportunities to harmonise mandatory and voluntary HREDD requirements, ensuring alignment with international normative frameworks on due diligence, such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises Guidelines (OECD MNE Guidelines).

Many of the proposed measures could be strengthened through the establishment of **dedicated local focal points for HREDD in mineral-producing countries**.

Development cooperation agencies, such as the GIZ, but also other intergovernmental organisations such as the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF), the Extractive Industries Transparency Initiative (EITI) or industry associations like the Global Battery Alliance (GBA) and the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCC MC) could play a central role in establishing and supporting these hubs, which would:

- provide technical support, training and access to HREDD expertise;
- offer clear, contextualized and accessible information on EU due diligence requirements and associated risk data; and;
- facilitate dialogue among local stakeholders and with EU downstream actors.

¹ The OECD six-step Framework is a due-diligence process that helps companies identify, prevent and address risks in their supply chains. The six steps are: 1) Embed policies and management systems, 2) Identify and assess supply-chain risks and priorities, 3) Design and implement risk-mitigation strategies, 4) Track and verify implementation and results, 5) Report publicly on due-diligence practices, and 6) Support remediation for any adverse impacts identified.

1. INTRODUCTION

1.1 STUDY OBJECTIVES

In recent years, businesses worldwide have experienced a shift towards increasing mandatory requirements for responsible business conduct, particularly within mineral value chains. Businesses operating in various European and other jurisdictions are now expected to conduct HREDD, extending beyond specific regions or isolated interventions. Within the EU, in particular, there has been growing momentum to strengthen corporate HREDD performance, reflected in the introduction of mandatory regulations such as:

- the EU Conflict Minerals Regulation (2017/821) (CMR);
- the EU Batteries Regulation (2023/1542) (EUBR);
- the EU Corporate Sustainability Due Diligence Directive (Directive 2024/1760) (CSDDD).

At their core, all three due diligence regulations (will) require companies to establish and operate due diligence management systems to identify and address risks linked to their operations and/or business relationships, applying a risk-based approach. However, the regulations differ in several key respects: their material scope (e.g., the EUBR specifically targets cobalt, nickel, lithium, and natural graphite), the types of risks they emphasise (e.g., the EU CMR focuses primarily on contribution to armed conflicts), their alignment with international normative frameworks such as the UNGPs and the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines), and the extent to which rightsholders are integrated into due diligence processes.²

These regulations apply directly to thousands of EU companies in sectors that use minerals, such as automotive, ICT and renewable energy. They also indirectly affect many more businesses inside and outside of the

EU. These businesses, including upstream businesses such as miners, smelters and refiners, traders and component manufacturers, are not legally required to comply but will likely experience EU companies' passing human rights and environmental expectations down to their suppliers (e.g., through contractual requirements). At the same time, these non-EU businesses might wish to align with EU regulation proactively as well to remain competitive and maintain access to European markets. While EU companies already have some experience in supply chain due diligence regulation, e.g., the EU CMR, which came into effect in 2021, as well as with EU national Member-State regulations such as LkSG and France's Corporate Duty of Vigilance Law (Law No. 2017-399 of March 27, 2017), the newer tranche of wider-reaching regulations, including the EUBR and the EU CSDDD, raises questions about how these new measures will affect producer-country stakeholders, markets and investment.

This study, commissioned by GIZ, is designed to analyse potential gaps and challenges in the implementation of EU due diligence regulations in mineral supply chains through in-depth analysis of four producer-country case studies: Indonesia, Zambia, Mexico and Brazil. The main research questions it seeks to address include:

1. How familiar are different stakeholder groups in mineral-producing countries with EU due diligence regulation, and through which channels have they become aware of it?
2. What are the current perceptions regarding the adoption of EU due diligence regulation, and what key positive and negative impacts associated with their implementation are stakeholders experiencing or anticipating?

² Annex I provides further details on these distinctions.

3. What actions have stakeholder groups undertaken thus far to prepare for and/or begin implementing EU due diligence regulation, and what challenges have they encountered in doing so?

4. What measures could help mitigate these negative impacts and support stakeholders in preparing to meet EU due diligence requirements, with the aim of achieving improved outcomes for affected people and the environment?

1.2 METHODOLOGICAL APPROACH

This qualitative study draws on in-depth, semi-structured interviews with key stakeholders in mineral supply chains to gather primary data on their perceptions and level of preparedness for EU due diligence regulations.

Before assessing the implications of these regulations in the four case study countries individually, the study first sought to gain a broader, global understanding of their impact by conducting six interviews with international experts, including downstream industry representatives and international CSOs. These initial insights helped shape the study's approach to data collection in Indonesia, Brazil, Mexico and Zambia.

Building on these international perspectives, a total of 14 stakeholders were selected for interviews in the case study countries using a structured stakeholder mapping process. Interviews were conducted between April and September 2025 with a diverse group of local industry actors, CSOs and public authorities. Stakeholders included prominent multinational mining and metallurgy companies operating in the case study countries, national industry associations, national trade unions representing workers in the mining and energy sectors

and global multi-stakeholder initiatives that promote open and accountable management of natural resources. Interviewees were asked about their familiarity with the EU regulation, their perceptions of associated risks and opportunities, the steps they had taken to prepare for implementation and the challenges they faced in doing so.

To complement the findings from the interviews, a small-scale survey was conducted in July and August 2025. Drawing on key themes from the interviews, the survey aimed to extrapolate these insights to a broader population and assess whether the needs and opportunities identified in the interviews were reflected more widely. The survey included 21 respondents: five from Brazil, seven from Indonesia, and four each from Mexico and Zambia. The questionnaire consisted of 26 questions, primarily quantitative, with a limited number of open-ended qualitative questions. Data collection, analysis and management were carried out using the online platform KoboToolbox. A full list of interviews and survey participants can be found in **Annex II.**

1.3 LIMITATIONS

This study presents valuable insights into stakeholders' perceptions of EU due diligence regulation across four case study countries. However, several limitations should be acknowledged when interpreting its findings:

- **Limited Sample Size:** The number of interviews conducted, four per country, along with an average of six survey respondents per country, is not sufficient to provide a representative view of all stakeholder groups' perspectives.
- **Non-Random Stakeholder Selection:** Interviewees and survey respondents were primarily drawn from the existing networks of Levin Sources, GIZ and the GBA. This approach, chosen to increase response rates and encourage participation through pre-established trust, introduces a selection bias. Stakeholders reached through these networks may be more advanced in their understanding, awareness and preparedness for due diligence requirements than the broader stakeholder population in each of the four countries. As a result, the study may overrepresent more informed or proactive actors, potentially skewing the overall findings.
- **Underrepresentation of Key Stakeholder Groups:** Two important stakeholder groups were underrepresented in the research:
 - Chinese industry actors: Despite the significant role of Chinese actors in the mining sectors of Indonesia and Zambia, engaging Chinese companies in either interviews or the survey proved challenging. This limits the study's ability to capture the perspectives and practices of a major group of actors in these supply chains.
 - Public Authorities: Government representatives were particularly difficult to engage, especially in Brazil and Mexico, where response rates to interview and survey requests were notably low. As a result, public sector perspectives are underrepresented in the final dataset relative to those of industry actors and CSOs.

While the study does not claim to provide a comprehensive representation of stakeholder dynamics across all groups and contexts, it offers qualitative insights from a carefully selected group of stakeholders who were able to reflect in detail on the perceived benefits, risks and challenges associated with the implementation of EU due diligence regulation.

2. TRENDS IN IMPLEMENTATION, CHALLENGES AND IMPACTS

The following sections present overarching findings and common trends identified across the four case studies, while also highlighting key variations. They discuss stakeholders' familiarity with EU due diligence

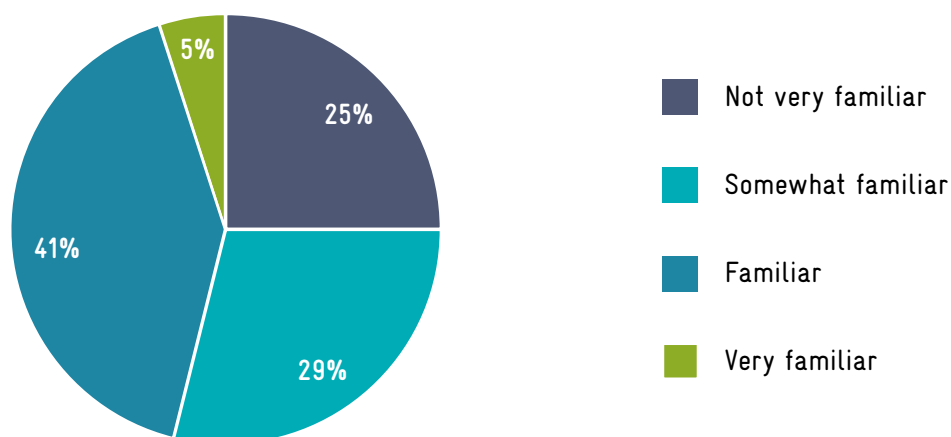
regulation, their perceptions of potential benefits and risks, the steps different stakeholder groups have taken to date and the challenges encountered in the process.

2.1. LEVEL OF AWARENESS

The various stakeholder groups consulted for this report appear to be moderately aware of EU due diligence regulation. 70% of survey respondents indicated that they were (somewhat) familiar with at least one of the EU due diligence regulations. This suggests that most have followed analyses of the regulations and discussions about their content in (social) media or have read (parts of) the respective regulations. A smaller group (5%) reported actively analysing or applying EU due diligence regulation in their professional roles, primarily in response to external incentives such as customer due diligence inquiries and concerns raised by civil society. Approximately 25% of the stakeholders engaged with for this study reported being familiar with the EU due diligence regulation only to a very limited extent.

These findings were largely echoed in the interviews with stakeholders, which indicate that awareness of EU due diligence regulation exists across all stakeholder groups, but that detailed understanding remains limited. Some interviewees indicated that they were familiar with the regulations only in broad terms but lacked in-depth knowledge of their specific requirements and implications. As one Mexican civil society representative summarised:¹ *"I think these instruments are not very well known, the level of knowledge is low. We know about them, although not in detail. They have been mentioned in some spaces where we have been, and we've referenced them, I think, in one document or another, but not with much more specific detail. But we do know they exist and that they can be useful for people."*

Figure 4: Stakeholders' awareness of EU due diligence regulation in general (all three EU regulations combined)



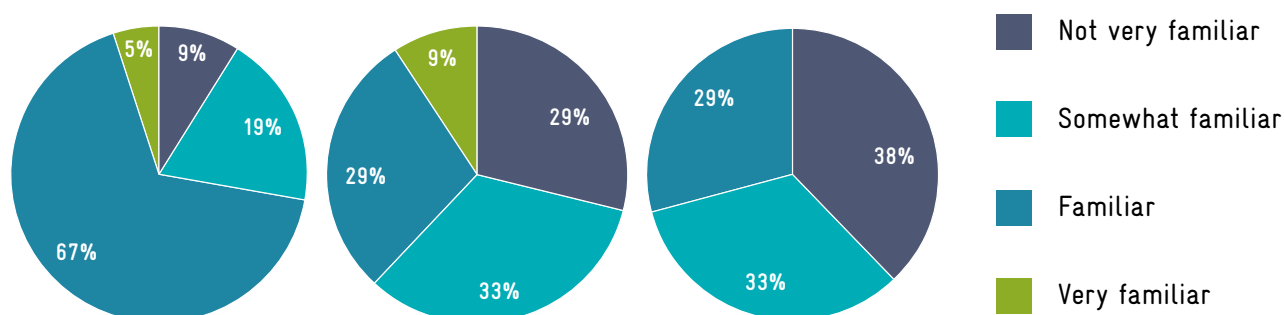
Awareness of EU due diligence regulation varies across the stakeholder groups consulted in this study. CSOs generally exhibited the highest level of familiarity, particularly with the requirements of the EU CSDDD and the EUBR. Industry actors demonstrated a similar, though slightly lower, level of awareness, with the greatest familiarity reported for the EU CSDDD and the EU CMR. EU and other Western mining companies (e.g. those based in the US) engaged in this study and supplying to European markets generally demonstrated a high level of maturity and awareness, likely due to their prior exposure to national due diligence laws such as LkSG and France's Corporate Duty of Vigilance Law. The entry into force of the LkSG in 2023 was cited by several Brazilian mining companies as having prompted them, including their subsidiaries, to commence taking due diligence steps, such as establishing and implementing due diligence management systems. In contrast, mining companies from China and the Middle East operating in the four case study countries were found to be less advanced in their due diligence practices. It is important to note that this assessment does not imply that all companies from these jurisdictions lack maturity. Rather, in the specific context of the four case study countries, the evidence suggests comparatively lower levels of due diligence readiness. Public authorities exhibited the lowest overall awareness among the groups, demonstrating greatest recognition of the EU CSDDD but significantly less familiarity with the EUBR and EU CMR.

Awareness of EU due diligence regulation also varies significantly across the individual regulations. The EU CSDDD is by far the most well-known among stakeholders, with 73% of respondents indicating they had heard of or read about it. This is followed by the EUBR at 38% and the EU CMR at 29%, which could

partly be explained due to the respondents not dealing with conflict-minerals as part of their supply chain or broader work. Interestingly, the EU CSDDD is the youngest of the three regulations, initially planned to take effect in 2027,² whereas the EUBR entered into force in 2025 and the EU CMR has been in effect since 2021. The prominence of the EU CSDDD may be attributed to the considerable public and civil society attention it has received in recent years, not only during debates surrounding the Omnibus proposal but also throughout its earlier development stages. Additionally, broader familiarity with the EU CSDDD is also likely due to its wider scope. Unlike the EUBR and EU CMR, which target specific minerals and metals, the EU CSDDD applies across multiple sectors such as mining, agriculture, and textiles, and is mineral-agnostic. Consequently, it is relevant to all mineral-producing countries regardless of the minerals they extract. In contrast, the EU CMR focuses on tin, tantalum, tungsten, and gold (3TG minerals) and the EUBR applies only to a limited set of battery-relevant materials (being lithium, cobalt, nickel and natural graphite), making these two regulations more relevant to certain countries than others.

Across the case study countries, stakeholders in Indonesia and Zambia seem to be the most familiar with the EUBR and the EU CMR, which is unsurprising given their significant reserves and production of battery-relevant minerals (including nickel and cobalt). Although Brazil also produces minerals that fall within the scope of both the EUBR and the EU CMR (tantalum and gold), Brazilian stakeholders appear to be less familiar with these regulations. Overall, the Mexican stakeholders engaged in this study demonstrate the lowest levels of familiarity with all three EU due diligence regulations.

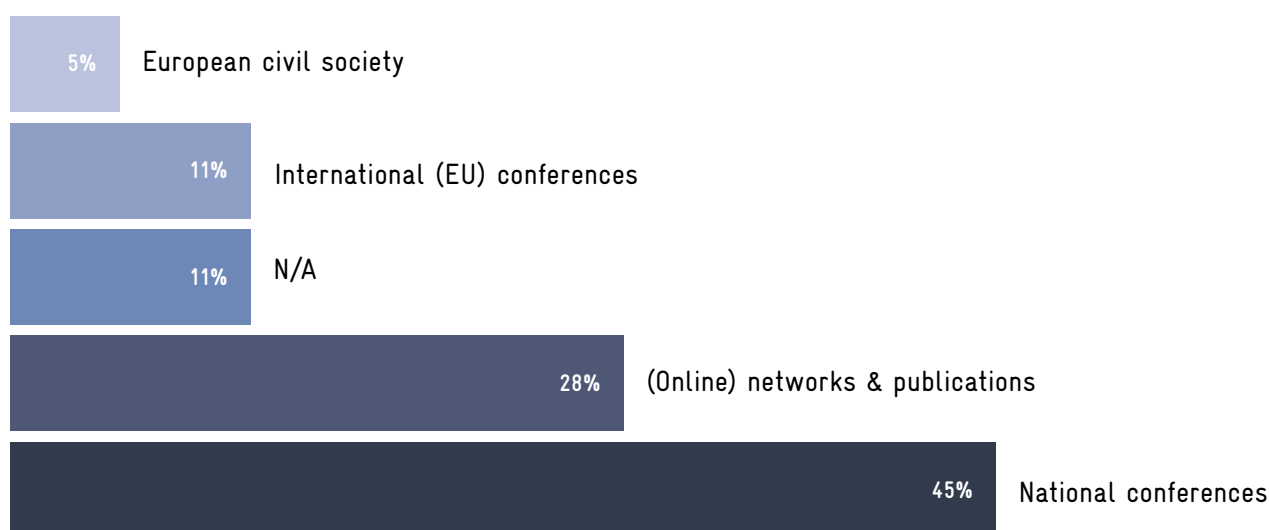
Figure 5: Stakeholders' familiarity with the EU CSDDD, EUBR, and EU CMR in order from left to right



Across all stakeholder groups, awareness is largely shaped by national conferences and events hosted by government and international actors or through media coverage. The majority of stakeholders engaged for this study (45%) became acquainted with EU due diligence regulation through national conferences, either organised by (international) CSO and, to a lesser extent, industry or law firms. Online networks and publications, particularly LinkedIn, were an important source for 28% of respondents. Broader international

events related to EU due diligence, e.g. the bi-annual OECD Forum on Mineral Supply Chains or the Mining Indaba, appeared to be less relevant for gaining familiarity with EU due diligence regulation and were mentioned by only 11% of respondents. Webinars and workshop events organised by the European Commission, international CSOs and standard setters such as the Responsible Minerals Initiative (RMI) and IRMA were mentioned as an additional avenue for gaining familiarity with EU due diligence regulation.

Figure 6: Stakeholders' avenues for becoming acquainted with EU due diligence regulation.

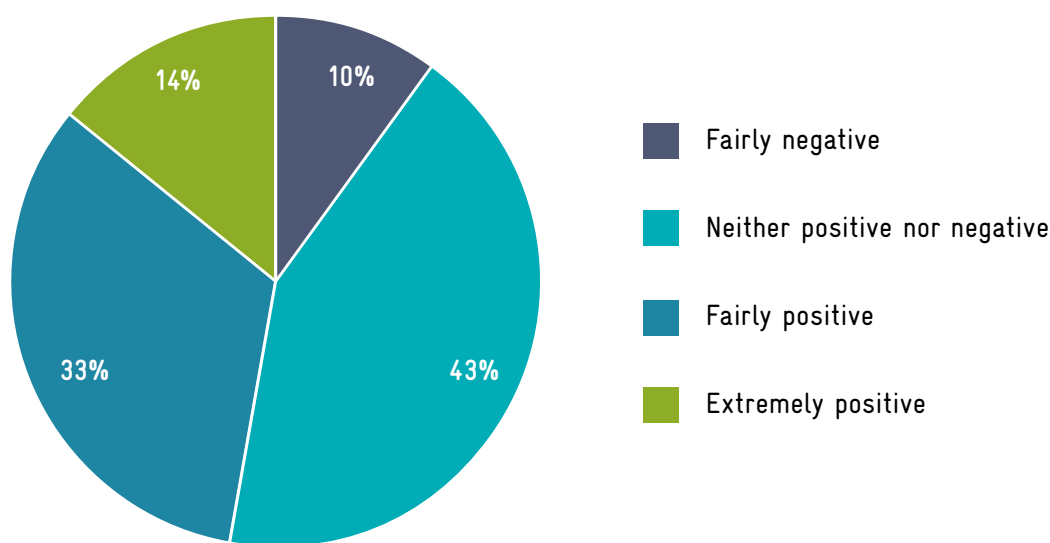


2.2 COMMON AREAS OF IMPACT (OPPORTUNITIES AND RISKS)

Stakeholders consulted for this study generally perceive EU due diligence regulation as highly to extremely relevant to their organisations and express broad support for their adoption, both across stakeholder groups and across the four countries covered.

According to the survey, 47% of respondents view the EU regulation as extremely or fairly positive, while 43% reported a neutral view. Only 10% regarded the EU regulation as a negative development.

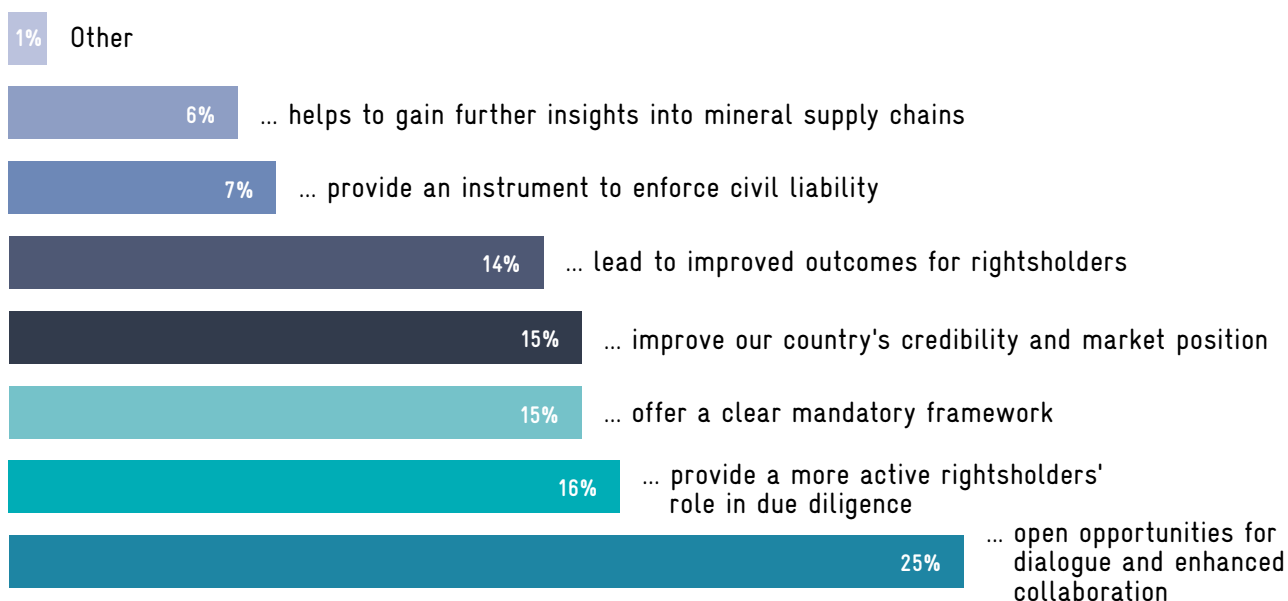
Figure 7: Stakeholders' perceptions on the adoption of EU due diligence regulation



Stakeholders highlighted a range of opportunities that they have either experienced or anticipate will

arise from the implementation of EU due diligence regulation.

Figure 8: (Anticipated) Positive impacts. "Implementation of EU due diligence regulations, ...".



Stakeholders across Indonesia, Brazil and Zambia, spanning industry, civil society and public authorities, consistently emphasised the positive potential of EU due diligence regulation for rightsholders.

Such improvements are expected to be twofold. First, they relate to the strengthening of human rights protection and environmental stewardship, e.g. through companies establishing more robust risk management systems, committing to more stringent human rights and environmental standards, improving procedures for meaningful community engagement, as well as more transparent and effective grievance mechanisms. Secondly, stakeholders also expect rightsholders to play a more active role in due diligence processes. Enhanced participation of rightsholders could take the form of increased involvement in risk assessments, monitoring work or the co-development of mitigation measures, as well as providing an additional instrument for advocating for their rights through civil liability provisions, particularly under the EU CSDDD.

Stakeholders in all four countries also indicated that they welcome the mandatory and international nature of the EU due diligence regulation, particularly valuing the stability it provides to HREDD. While some countries, notably Brazil, already have relatively robust human rights and environmental protections in place, stakeholders noted that enforcement of these laws is often vulnerable to political shifts. In this context, the EU regulation is viewed as a stabilising force that can help strengthen mineral sector governance and support consistent implementation over time.

In Indonesia and Zambia, both civil society and public authorities highlighted the potential of EU regulation to strengthen existing national regulatory frameworks. Given the high number of overlapping environmental, social, and governance (ESG)-related laws in these countries, the EU due diligence regulation is viewed as an opportunity to streamline and consolidate domestic legislation into more coherent and higher-standard frameworks. In Brazil, CSOs specifically emphasised the regulation's role in enabling advocacy and strategic litigation, providing civil society with additional leverage to hold companies accountable for their human

rights and environmental impacts.

Additionally, EU due diligence regulation is perceived as an opportunity to strengthen the credibility of the four mineral-producing countries. Public authorities and industry associations, in particular, expect implementation of the regulation to help improve their country's image as a responsible mineral producer, thereby increasing competitiveness in global supply chains. Representatives from all three stakeholder groups emphasised that effective implementation of EU standards could strengthen the country's position as a preferred, sustainable supplier, especially in high-growth and sustainability-demanding sectors such as electric vehicles (EV) batteries. Stakeholders believe this alignment can not only reduce reputational risks but also support the securing of offtake agreements, differentiate their producers from non-EU regulation compliant competitors and ultimately allow access to premium markets in Europe.

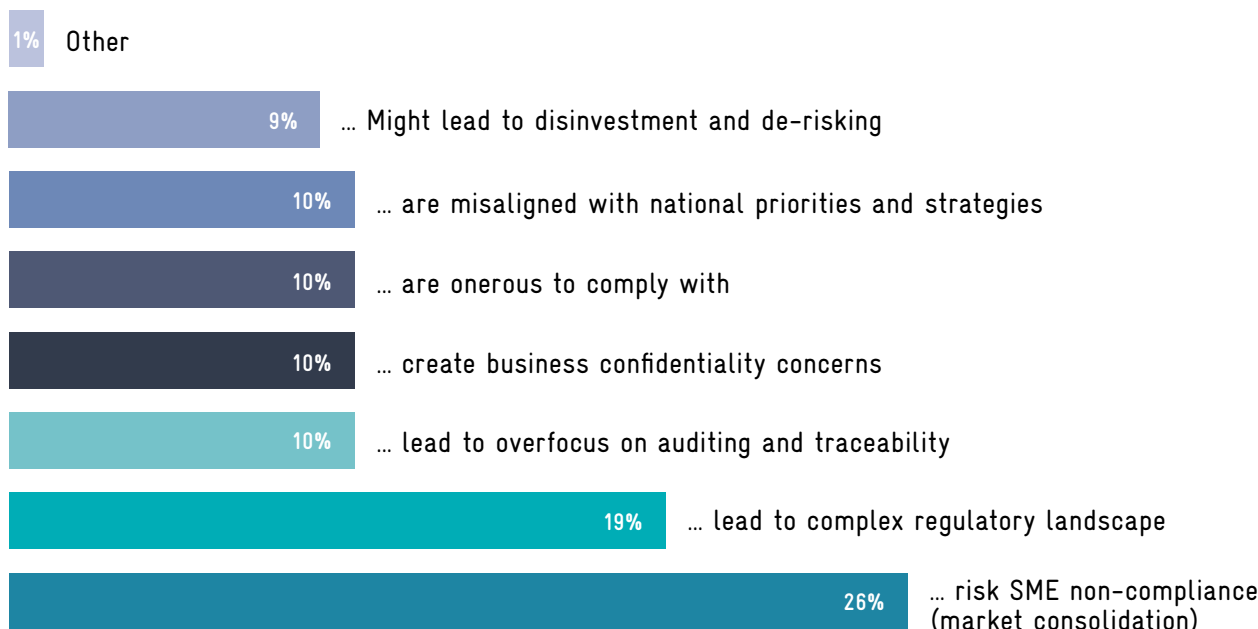
EU due diligence regulations are further seen as an important means to strengthen dialogue between civil society and industry actors. In Indonesia and Zambia, CSOs specifically highlighted how EU regulations could foster stronger civil society participation and more effective, open dialogue with industry actors. By formalising consultation processes, the regulations are expected to help shift industry–civil society interactions from ad hoc, informal consultations to systematic rightsholder involvement. This could include civil society contributing directly to due diligence processes, such as informing risk assessments and shaping mitigation strategies, ultimately leading to better outcomes for affected communities.

Interestingly, in the Latin American countries, Brazil and Mexico, it was primarily industry actors who emphasised the potential for improved dialogue with civil society as a positive outcome. They highlighted the challenges that the industry experiences in engaging civil society actors and suggested that the EU regulations, with their clearly defined requirements for stakeholder engagement, could serve as a catalyst for building trust and facilitating more effective interaction with rightsholders.

While stakeholders acknowledged the potential long-term benefits of EU due diligence regulation,

stakeholder groups in the four countries also consistently emphasised their concerns.

Figure 9: (Anticipated) Negative impacts. "Implementation of EU due diligence regulations, ...".



A widespread concern is that EU due diligence regulation could place a disproportionate burden on SMEs and ASM actors, who often lack the resources to comply with complex requirements such as detailed risk assessments, third-party audits and traceability systems. Legal experts and industry representatives across the four countries warned that larger, often foreign-listed companies are typically better equipped, with dedicated compliance teams, access to international certification schemes and greater financial capacity. This imbalanced capacity to comply with EU requirements risks widening existing inequalities between larger mining companies and SMEs, which, in turn, could marginalise local actors further and lead to increased market consolidation and reduced employment opportunities, ultimately undermining the goal of inclusive and equitable responsible sourcing.

Authorities and labour representatives further caution that EU buyers may respond with de-risking strategies, such as divesting from smaller or informal suppliers, which would only exacerbate these risks.

Industry actors and public authorities consulted for this study further expressed concerns that companies falling within the scope of EU due diligence regulation, whether directly or indirectly through supply chain links, are facing a comparative disadvantage compared with those supplying non-European markets. This disadvantage arises from the uneven regulatory burden placed on companies engaged with the EU, which are required to meet stricter and often more costly due diligence standards. In contrast, competitors serving markets with less stringent requirements, such as those in Asia, including China, are reportedly able to operate with greater flexibility, resulting in what stakeholders' claim are unequal market conditions. Some industry actors, particularly in Indonesia, also noted an additional risk that suppliers may slowly move away from EU markets to avoid the burdensome nature of EU due diligence requirements. Such dynamics could lead to shifts in global trade patterns and ultimately contribute to reduced mineral supplies to the EU.

A key concern raised by stakeholders in both Zambia and Mexico was the perception that EU due diligence regulation does not sufficiently take into account national development strategies. Public authorities specifically highlighted that EU regulations are often perceived as externally imposed requirements that do not adequately reflect local economic goals or policy priorities. For instance, Zambia has articulated clear national objectives centred on value addition, job creation and beneficiation, goals that are not always adequately addressed in EU due diligence regulation. **This disconnect risks undermining local stakeholders' support for the regulations and reducing the incentive for companies and authorities to engage with them beyond basic compliance.**

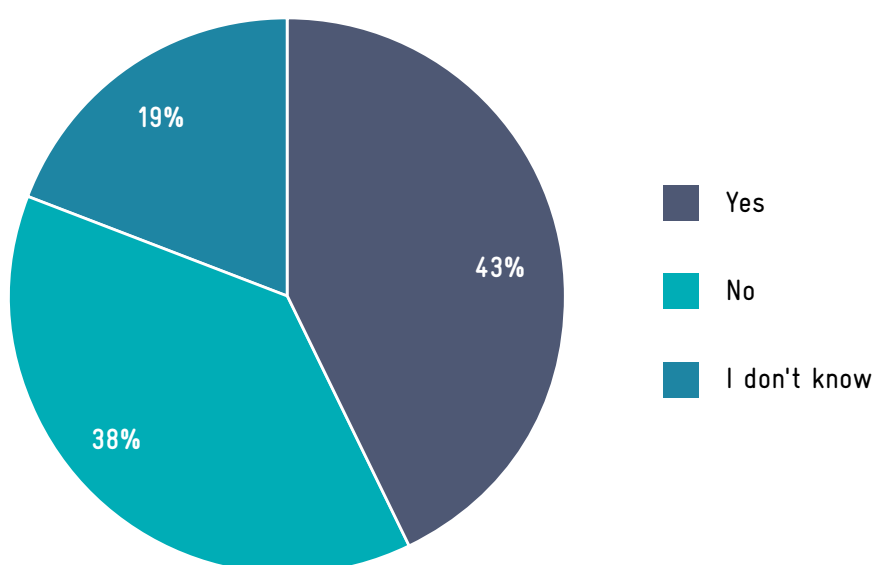
Stakeholders across industry, public authorities and civil society consistently described the current landscape of HREDD as overly complex. Many cautioned that the introduction of new EU regulations **risks exacerbating this complexity**, as companies already struggle to align implementation with existing national regulations and voluntary standards. Stakeholders noted that overlapping requirements may lead to duplicative reporting and increased administrative costs, **thereby reducing the resources available for actual risk mitigation and remediation of adverse impacts.** This regulatory complexity was widely regarded as a major barrier to the effective and practical implementation of due diligence obligations.

2.3 LEVELS OF PREPAREDNESS

43% of stakeholders engaged in this study indicated that they had, at least to some extent, started to prepare for or respond to the EU due diligence

regulation. 38% of the respondents indicated that they have not prepared for EU due diligence regulation yet, while 19% indicated stated that they did not know.

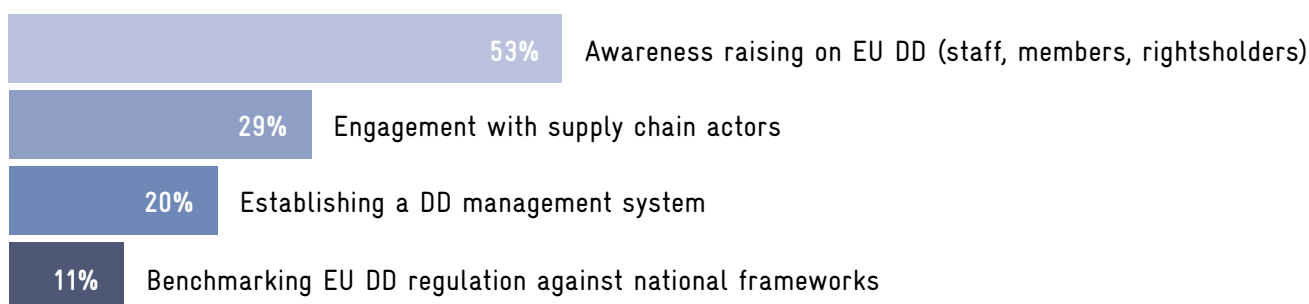
Figure 10: Percentage of stakeholders that haven taken action to prepare for and/or start implementation of EU due diligence regulation.



Preparations appear to be mostly linked to the EU CSDDD (48%) and, to a lesser extent, to the EU CMR (26%) and EUBR (17%). **Most survey respondents who report undertaking preparations indicate that these efforts are largely focused on organising awareness-raising or training events on EU due diligence regulation for employees, members and affected rightsholders.** Both civil society and industry actors appear to go a step further and report that they

are engaging with supply chain actors such as customers and suppliers, as well as downstream companies through due diligence-related requests. A smaller group of industry actors is taking additional steps to establish or implement due diligence management systems to identify and address risks within their operations and supply chains. Two CSOs and one public authority also indicated that they have benchmarked EU regulatory requirements against national legislation.

Figure 11: Due diligence efforts undertaken to prepare for the implementation of EU due diligence regulation.



Brazilian and Indonesian stakeholders appear to be the most advanced in their preparations, demonstrating higher levels of preparedness than their counterparts in Zambia or Mexico. In the latter two countries, preparations are generally limited to participating in early-stage awareness-raising or attending external conferences and workshops. Industry actors and civil society demonstrated the highest level of effort to prepare for EU due diligence legislation, while public authorities generally indicated the lowest levels of activity. The following sections describe the variation in actions taken by the various stakeholder groups across the four case study countries to prepare for the implementation of EU due diligence regulation.

Industry actors: Among all stakeholder groups engaged, industry actors demonstrated the clearest signs of preparation for existing and upcoming EU due diligence regulation. The mining companies in Brazil, Indonesia and Mexico that were interviewed

indicated that they were taking tangible steps to prepare directly for EU due diligence regulation, including developing human rights policies, conducting risk assessments, establishing HREDD management systems (particularly grievance mechanisms) and strengthening engagement with supply chain actors. Interestingly, various companies in Indonesia, Brazil and Mexico indicated that EU due diligence regulation is not the primary starting point for them to focus on human rights and environmental due diligence. In Indonesia, some of the companies interviewed indicated that they rely on existing commitments to voluntary standards such as IRMA, which in practice appear to serve as proxy frameworks for meeting EU due diligence expectations. In Brazil and Mexico as well, alignment with established normative frameworks, including the UNGPs as well as the LkSG, in effect since 2023, are reported to have already prompted companies to commence improving business practices at an earlier stage, effectively anticipating future EU due diligence requirements.

In contrast, industry stakeholders in Zambia appear to have taken more limited initial steps toward EU regulation preparedness. While they recognised the importance of these frameworks, their actions to date have been restricted to participation in third-party awareness-raising campaigns.

Mining companies across all case countries, as well as mid-stream companies in Europe, reported increasing pressure from downstream customers as an important reason for adopting responsible business practices in line with EU due diligence regulation. An Indonesia-based miner, for instance, noted a rise in due diligence inquiries from EU-based automotive companies, supposedly driven by both the CSDDD and the EUBR. Similarly, EU-based mineral smelters and metal manufacturers reported an increase in due diligence-related requests from companies in other regions, such as Thai electronics manufacturers, particularly in relation to the EUBR. Interestingly, pressure does not always appear to come from immediate buyers, but also from downstream actors. Since a significant portion of Indonesian nickel supplies the European electrical vehicle (EV) industry, it was reported that downstream carmakers were increasingly approaching Indonesia-based miners directly, sometimes bypassing less responsive Chinese processing or joint-venture partners.

Industry associations appear to play or to be willing to play a key catalytic role in preparing companies for compliance. In Brazil, organizations like IBRAM (Instituto Brasileiro de Mineração - Brazilian Mining Institute) and CEBDS (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável - Brazilian Business Council for Sustainable Development) and, in Mexico, the CamiMex (Cámara Minera de México - Mexican Mining Chamber) indicated that they were actively supporting members through awareness-raising efforts, roundtable dialogues and the development of practical tools and guidance, partly in collaboration with international organisations.

Civil society: In addition to industry stakeholders, several civil society and international organisations

also appear to be actively engaging with the EU due diligence regulation through various approaches. CSOs in all four case study countries, along with international organisations like the UN Office of the High Commissioner for Human Rights (UN-OHCHR) in Mexico and the EU Delegation in Zambia, are primarily focused on disseminating information about EU regulations and providing training to mining companies on best practices in HREDD.

In Indonesia, trade unions, supported by international partners such as IndustriALL and CNV International, are actively preparing for the implementation of EU regulations through supply chain mapping and outreach to Indonesia-based mining and processing companies, as well as to downstream automotive manufacturers in the US and EU. Outreach is aimed at strengthening collaboration, e.g. by incorporating rightsholders' perspectives to company risk assessments. Additionally, it seeks to emphasise companies' responsibility to address labour and environmental risks within nickel supply chains. Simultaneously, civil society actors are working to strengthen networks among local organisations and community representatives to amplify the voices of rightsholders more broadly.

In Brazil, CSOs are exploring how EU due diligence regulation could be leveraged as a tool for strategic litigation against companies operating in Brazil, by holding their parent companies accountable in their home jurisdictions. As one civil society representative explained, *"[a]mong the very few options available to civil society in Brazil ... [to keep companies accountable for adverse impacts], this becomes a tool for us to reach out to the company's headquarters, which tends to be more concerned about how these laws affect them".*³

In Zambia, CSOs acknowledged that their role in relation to EU due diligence requirements remains limited due to a lack of resources and technical expertise. As one representative noted, *"[w]e don't have the capacity yet to follow companies against these new requirements; we only engage when invited to a workshop or meeting."*⁴

Public authorities: This study was able to assess how public authorities in the four mineral-producing countries are preparing for implementation only to a limited extent, with no information gathered for Brazil and Mexico. Public authorities in Indonesia, particularly the National Economic Council (NEC) and the Coordinating Ministry for Maritime and Investment Affairs, have played a more active role in supporting the adoption of international HREDD more generally, including the adoption of EU due diligence regulation. For instance, they facilitate mining companies' collaboration with assurance schemes such as IRMA and RMI and with industry associations such as the Nickel Institute. In September 2022, the Ministry co-hosted a well-attended IRMA introductory forum with Eramet and EITI Indonesia. During the same year, two Indonesian ministries conducted a gap analysis comparing national regulations with the IRMA Standard, which they indicated forms the basis for aligning domestic laws with international regulations

such as EU due diligence regulation.

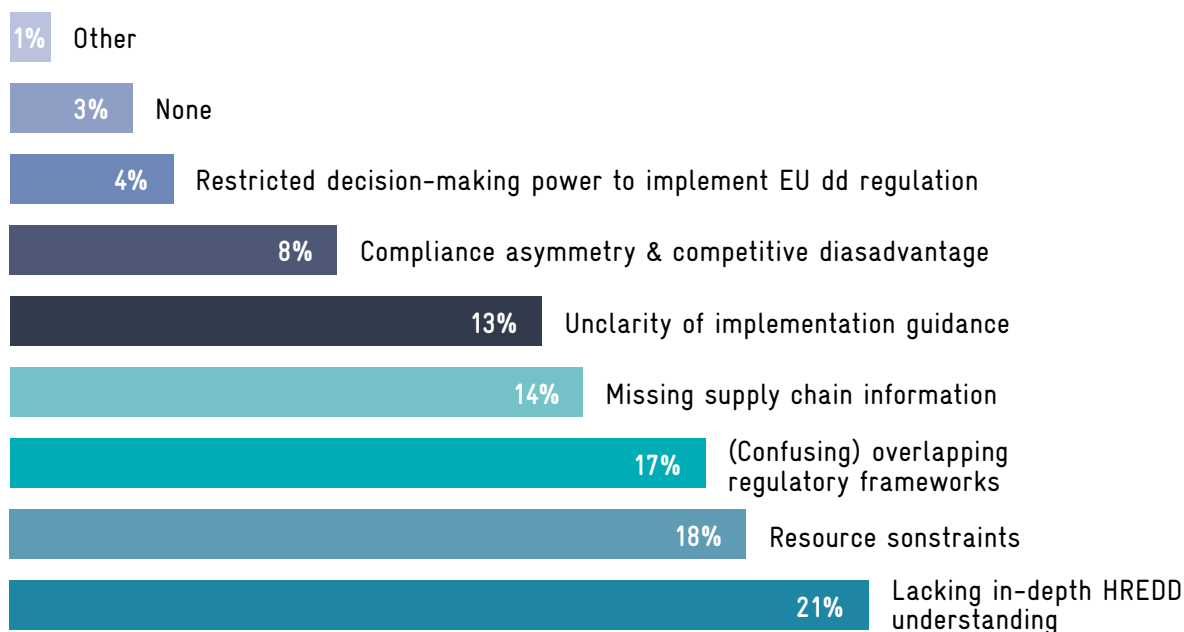
In Zambia, the Ministry of Mines and Mineral Development have also taken early, small steps to prepare for EU due diligence regulation. Their efforts are primarily driven by the concern that EU companies might stop sourcing from Zambia if local producers fail to comply with EU due diligence regulation, which could, in turn, lead producers to shift toward less regulated but more lucrative Asian markets, threatening Zambia's long-term access to EU trade. Thus far, authorities have focused on convening stakeholders, including the organisation of donor-supported workshops, connecting local producers with downstream actors and aligning domestic and EU reporting requirements (mostly linked to EU Corporate Sustainability Reporting Directive (CSRD)) through collaboration between the EU Delegation to Zambia and the Zambian Green Finance Mainstreaming Working Group.

2.4 COMMON CHALLENGES AND NEEDS

Based on their experiences with the implementation of EU due diligence requirements thus far or their

preparations for them, stakeholders report encountering various challenges.

Figure 12: (Anticipated) Challenges encountered related to the implementation of EU due diligence regulation.



1. Limited awareness around the existence and relevance of EU due diligence regulation

The level of awareness around EU due diligence regulation and its integration into corporate culture remains fairly limited. In general, stakeholders indicated that the sector requires a further impetus to get due diligence efforts off the ground. Limited industry familiarisation and awareness of EU due diligence regulation are likely to significantly limit its uptake and slow implementation. Additional awareness raising and facilitation of dialogue between key stakeholder groups are needed to enhance uptake in order to ensure that the importance of due diligence becomes embedded in corporate culture, gains broader support and attracts the financial and human resources necessary for implementation.

Sustainability practitioners operating in mineral-producing countries highlighted the need to further strengthen buy-in and support for responsible business conduct from both senior management and internal procurement departments. They reported facing a lack of understanding, and in some cases disinterest, among senior management regarding the importance of responsible business conduct for legal, operational and reputational stability. Sustainability

practitioners at various instances reported that, as a result, senior management does not always prioritise robust compliance, leading to limited resources and reluctance to adapt or develop risk management systems to meet new EU due diligence requirements. As a Mexican industry actor summarised clearly: *“Companies are focused on productivity, cost and efficiency. If something doesn’t fit into that framework, it’s seen as “decorative.” It takes a lot of effort to explain why certain improvements are necessary [...] as our executives aren’t aware of the EU CSDDD yet, while the client-facing team knows what it refers to”.*⁵

Similarly, interviewed industry actors reported facing unawareness and related disinterest from (joint-venture) business partners in preparing for

and responding to increased due diligence requirements. Smaller, non-Western SMEs may be even less informed about the evolving international regulatory landscape, as they have access to fewer resources to familiarise themselves with EU due diligence regulation. In addition, customer due diligence inquiries may reach non-Western SMEs more slowly, leaving them unprepared to implement due diligence requirements.

2. Lack of sufficient in-depth understanding of HREDD

Across the four case study countries, stakeholders from various groups consistently reported a lack of sufficient understanding of EU due diligence regulation, limiting their ability to apply them meaningfully in their respective contexts. Many expressed concerns about how to comply with the new requirements and emphasised the need for training to help translate regulations into actionable steps relevant to their work. Stakeholder groups unanimously reported confusion regarding the sheer volume of national, international regulations and voluntary standards operating in their jurisdictions, and how these frameworks are interconnected. As such, **the challenge appears not to lie with understanding EU due diligence regulation alone,**

but rather reflects a broader lack of understanding of HREDD in its entirety, including how to implement the OECD six-step framework effectively. In this context, strengthening the overall understanding of HREDD concepts among mineral supply chain actors, CSOs and public authorities in mineral-producing countries is essential both for the effective implementation of EU due diligence regulation and for advancing HREDD more broadly. For instance, an Indonesian civil society representative acknowledged that, while they view the EU due diligence regulation positively, *“one of the things that [is] actually quite hard to understand is... how to translate it into... the grassroots”.*⁶ For civil society actors, such understanding is essential not

only to hold industry accountable but also to ensure a balanced and inclusive uptake of due diligence practices.

Public authorities across the case study countries similarly recognised their role in supporting implementation but highlighted their own technical limitations. These capacity gaps hinder efforts to explore how national governments in producer countries could support enforcement, for example by linking non-compliance with EU regulations to national-level consequences, such as the suspension of permitting rights or development financing. As one Brazilian state official noted: *“Robust laws do not automatically ensure practical application. Our state apparatus plays a key role and requires support to ensure enforcement.”*⁷

Industry actors demonstrated greater familiarity with key due diligence concepts, particularly with aspects of HREDD. However, they indicated difficulty

understanding how these individual elements fit together into a comprehensive approach. A Mexican industry representative explained: “Capacity, [...] and knowledge to meet these expectations are lacking. We have a very complete grievance mechanism, but now we need to connect our grievance system to everything else being requested.” This partial understanding, whereby stakeholders appear to grasp certain due diligence components but struggle to apply them holistically, was also reflected in survey responses. Respondents across all four countries indicated the strongest familiarity with Step 2 (Risk Identification) and Step 5 (Reporting) of the six-step framework as set-out by the OECD Responsible Business Conduct (RBC) Guidance. However, they reported greater difficulty with other steps, especially Step 3 (Ceasing, preventing or mitigating adverse impacts), Step 4 (Tracking implementation and results) and Step 6 (Providing for or cooperating in remediation when appropriate).

3. Uncertainty regarding implementation guidance due to the Omnibus proposal and delays in the publication of the EUBR Guidance.

Stakeholders across various groups reported struggling with a lack of clarity regarding implementation guidance for EU regulation. Although the EUBR entered into force in mid-2023, the **European Commission has not yet published the corresponding guidance documents, which remain under development. Similarly, the ‘Omnibus proposal I’⁸, issued by the European Commission in early 2025, introduces revisions to the EU CSDDD and is delaying its implementation.** These revisions include, among others:

- postponing the first application wave by one year (from July 2027 to July 2028);
- a redefinition of the personal scope, meaning adjustments to which companies the regulation will apply to; limiting due diligence obligations to tier-1 (direct) business partners only; and
- removing EU-wide civil liability provisions.

As the proposal remains under discussion and has not been adopted, uncertainty around the Directive’s core

requirements is causing companies, both those directly subject to the Directive as well as those indirectly affected in mineral-producer countries, to delay their preparations. The same applies for the EU Batteries Regulations Guidance, with industry actors interviewed for this study repeatedly citing the lack of clarity as a key reason why they have not yet begun preparations or implementation efforts.

An EU-based mineral buyer and processing company highlighted its struggle to prepare for the EUBR, noting that it remains unsure how to interpret certain requirements, particularly those related to recycling and full supplier disclosure. Like many others, the company is waiting for further clarification before initiating implementation. Stakeholders in mineral-producing countries similarly reported that this lack of clarity is complicating their own preparation processes, particularly regarding training and awareness raising. CSOs interviewed for this study, particularly those involved in HRDD training for rightsholders, expressed concern

over these potential changes, noting the challenge of developing training content while it remains unclear

which version of the EU CSDDD and what EUBR guidance will ultimately apply.

4. A complex and fragmented due diligence landscape

Stakeholders across industry, public authorities and civil society consistently described the current landscape of HREDD as overly complex. **This fragmentation, marked by overlapping mandatory national and international regulations as well as voluntary standards, is widely perceived as one of the major barriers to effective and practical implementation of due diligence obligations.**

- EU due diligence regulations, such as the CSDDD, have extraterritorial implications, indirectly affecting mining and processing companies in producing countries through downstream supply chain requirements. Many of these countries, such as Brazil, already have national frameworks with robust human rights and environmental provisions, but these often vary in terms of reporting formats, enforcement mechanisms and compliance expectations.
- EU national member-state regulations, including France's Corporate Duty of Vigilance Law and LkSG, have been in effect for some time. In several cases, stakeholders in mineral-producing countries report that they perceive these regulations to overlap with newer EU due diligence regulations, even though such national due diligence laws will eventually be superseded by the EU CSDDD.
- Voluntary Sustainability Standards (VSS) further complicate the picture for these stakeholders. Adopted by many companies before the emergence of mandatory due diligence regulations, standards such as those developed by IRMA, the Copper Mark, the new Consolidated Mining Standard Initiative (CMSI), the Aluminium Stewardship

Initiative (ASI) and the Responsible Minerals Initiative (RMI) are widely used in mineral-producing countries. While these frameworks also promote responsible practices, they differ in scope and focus and may not align directly with legal requirements.

Industry actors across all four case study countries identified the patchwork of existing regulations and standards as a source of confusion, duplication of efforts and unnecessary compliance burdens. Public authorities similarly reported challenges in tracking and interpreting these overlapping requirements. **While part of the difficulty seems to lie in the need to simplify the regulatory landscape through harmonisation of reporting requirements and cross-referencing between frameworks, it also reflects a broader lack of understanding of the HREDD landscape as a whole and how its various components interconnect.** For example, there appears to be limited understanding on how national regulations by EU Member States, such as Germany's LkSG, will eventually be superseded by the EU CSDDD, or how voluntary standards may play a supporting role in the implementation of mandatory due diligence requirements. Perhaps most critically, there appears to be insufficient recognition of how international normative frameworks, particularly the UNGPs and the OECD's six-step due diligence framework, form the common foundation underlying many of these laws and standards.

In this context, strengthening the overall understanding of the HREDD landscape and its core concepts among mineral supply chain actors, CSOs and public authorities in mineral-producing countries is essential for the effective implementation of EU due diligence regulation as well as HREDD practices more broadly.

5. EU due diligence compliance in Chinese-led mineral sectors

Multiple stakeholders, including an Indonesian-based miner supplying the EU market, raised concerns about the challenges posed by Chinese majority ownership in JVs, which reportedly limits the ability of minority (often European) partners to meet EU due diligence requirements. The Indonesian minerals sector and, to a lesser extent, the Zambian sector feature significant involvement of Chinese-owned and operated companies, either through exclusive Chinese contracts or majority stakes in joint ventures, including with European partners. According to a 2025 study conducted by C4ADS, a Washington-based nonprofit focused on peace and security, Chinese firms control roughly 75% of Indonesia's nickel refining capacity.⁹ These companies primarily supply the Chinese

and broader Asian markets but also export to Europe, including to the European automotive sector.

The Indonesian-based miner explained that, as a minority JV partner, it has limited ability to identify and address environmental and human rights risks. For instance, social engagement strategies, including grievance mechanisms, are centrally managed by the Chinese partner, restricting the company's ability to drive responsible practices. While Indonesian stakeholders observed that Chinese headquarters (HQ) management appears relatively well-informed about due diligence, local Chinese management teams were described as less responsive and less likely to prioritise ESG issues and related due diligence.

6. Uneven levels of due diligence maturity and uptake across nickel supply chains

The lack of consistency in due diligence expectations across nickel supply chains poses a challenge, as it prevents the development of a level playing field. Approximately 80% of Indonesian nickel is used in steel supply chains, with only 20% ending up in the EV sector. Indonesian mining companies engaged with for this study reported that due diligence practices within the EV sector are generally more advanced, driven by strong consumer scrutiny and direct engagement from EU-based downstream automotive brands. In contrast, steel supply chains tend to be more fragmented, less consumer-facing and therefore subject to comparatively weaker due diligence pressure.

Indonesian industrial parks reportedly adopt a pragmatic, dual-track approach, leading to substantial variation in effective due diligence uptake, even within the same companies. According to interviewees, facilities supplying the EV market implement more rigorous environmental and social standards, while those catering to the steel industry apply due diligence requirements more leniently. This uneven uptake means that local communities located near nickel mines that supply the steel sector may be exposed to higher environmental and social risks than those near EV-linked operations.

3. RECOMMENDATIONS FOR SUPPORTIVE MEASURES

Stakeholders consulted during this study highlighted significant challenges in implementing EU due diligence regulation, as well as unintended consequences, both anticipated and already experienced, that may arise from their implementation. This section presents a taxonomy of measures designed to mitigate those unintended consequences and support stakeholders in preparing to meet EU due diligence requirements, with the aim of achieving improved outcomes for affected people and the environment.

While businesses, financial institutions and international organisations all have important roles and responsibilities in strengthening due diligence for the benefit of affected people, this study, and this section in particular, focuses on the potential role of development cooperation agencies, such as GIZ.

The German Federal Ministry for Economic Cooperation and Development (BMZ), and subsequently GIZ, occupy a unique position. As the Ministry eloquently stated in its October 2025 policy paper¹⁰, Germany is striving to balance the supply and investment interests of German and European companies with the development and strengthening of partnerships with several of the countries examined in this study. At the same time, Germany is promoting socially and environmentally responsible supply chains that serve the interests of its partner countries, for example by supporting local value creation, ensuring fair contracts, and upholding human rights and environmental standards.

The section outlines a range of potential measures, explains their objectives and significance and provides examples of existing initiatives, before examining the specific contributions that GIZ could make.

TAXONOMY OF POTENTIAL MEASURES

1. BROAD INDUSTRY-LEVEL AWARENESS RAISING IN PRODUCER COUNTRIES

The Challenge

Awareness of EU due diligence regulation, particularly among industry actors, and its integration into corporate culture remain limited. This is due to several factors: (1) senior management does not always recognise the importance of RBC for operational, reputational and legal stability; (2) many SMEs lack the resources to familiarise themselves with the regulations' key concepts; and (3) joint-venture ownership structures involving non-Western partners can hinder broader uptake of EU due diligence requirements.

Target audience

Larger EU-linked upstream companies, upstream SMEs and non-Western joint-venture partners operating in mineral-producing countries as well as financial institutions and insurance providers.

Existing measures and initiatives for potential partnership

National-level awareness raising activities (including conferences, roundtables) are organised in most of the four case study countries, either by industry associations, public authorities or voluntary standard setting organisations:

Indonesia: The roundtable on HREDD in 2022, jointly organised by the Indonesian authorities, IRMA and various key industry players in the Indonesian nickel sector, provides a good example of an effective national-level initiative. The roundtable convened the most important stakeholder groups related to mining in the country, including public authorities, civil society representatives and industry actors.

Zambia: The Zambia International Mining & Energy annual Conference (ZIMEC) is jointly organised by Zambian Ministries and is dedicated to the mining and energy sectors. The conference provides a platform for public-private dialogue on regulatory frameworks, sustainability and technological innovation, and focusses on topics including responsible sourcing, ESG standards, and alignment with international due diligence frameworks. Additionally, the Delegation of the EU to Zambia and COMESA has organised various awareness raising activities in recent years (see page 82 for more detail).

Brazil: Organisations such as IBRAM and CEBDS organise industry-focused activities to familiarise Brazilian industry actors with HREDD frameworks in general, including EU due diligence regulation.

Mexico: The CamiMex supports its members through awareness-raising efforts and roundtable dialogues.

Potential role for development cooperation agencies like GIZ

Interviewees and survey respondents in this study indicated that national conferences are among the key ways they have become familiar with EU due diligence regulation. GIZ could further stimulate awareness raising by supporting the organisation of such national and regional conferences, including those targeting C-suite level management.

To ensure effective implementation of EU due diligence regulation and counter power imbalances, it is essential to raise balanced awareness not only among EU-linked companies but across a variety of supply chain actors, including local SMEs and non-Western joint-venture partners. Financial institutions and insurance providers serving upstream companies also play a critical role, as they hold significant leverage to enable and promote the uptake of EU due

diligence requirements. Broader, more inclusive awareness-raising campaigns could mitigate the risk of delayed uptake and/or non-compliance by SMEs, who might otherwise risk losing access to European markets. Effective, broad-based awareness raising and dialogue across mineral supply chain actors could also help prevent irresponsible disengagement or divestment in cases of non-compliance. Finally, enhanced awareness would benefit EU-based downstream industry actors by fostering a more stable and predictable business environment and reducing reputational risks.

GIZ could play a key role in co-hosting such national events, ensuring balanced participation, leveraging its extensive networks and knowledge of local mining sector players and ensuring that awareness-raising activities are conducted in local languages to increase local SME participation. Awareness-raising activities organised by the IGS Responsible Business Hubs in countries including Vietnam, Turkey and Serbia provide strong examples of how local upstream actors can be effectively engaged.

Moreover, stakeholders noted that online publications, analyses and social media discussions (e.g. on LinkedIn) are also key ways to stay informed about EU due diligence regulation. Development cooperation agencies like GIZ could support this by publishing concise regulatory updates and discussion pieces or hosting interactive webinars in local languages. In-country GIZ offices could play an important role in providing such information and facilitating dialogue on due diligence.

2. BUILDING IN-DEPTH UNDERSTANDING OF HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE

The Challenge

Limited in-depth understanding of HREDD remains a key barrier to effective implementation of EU due diligence regulation across the four mineral-producing countries. Stakeholders from civil society, industry and public authorities reported difficulties in interpreting and applying the EU regulations, often lacking the capacity to translate them into context-specific, actionable steps. While some appeared familiar with certain elements of due diligence, especially risk identification and reporting, many demonstrated difficulties understanding how these components fit together to form a robust due diligence approach. Overall, the challenge appears to reflect not only gaps in understanding EU-specific requirements, but also, and often primarily, a broader need to develop in-depth knowledge of HREDD as a concept and its practical application through the OECD six-step framework.

Target audience

Industry actors (both Western and non-Western companies, larger and Small and Medium-sized Enterprise (SME) operations), CSOs representing various right-sholder groups (workers, communities, Indigenous peoples) and public authorities.

Existing measures and initiatives for potential partnership

- Interviewees mentioned the [BOOST HRDD programme](#), organised by international trade unions CNV International and IndustriALL, implemented in Indonesia and six other producer countries. This initiative trains local trade unions on EU due diligence regulation and strengthens workers' understanding of their potential role in informing due diligence management processes. The trainings focus on risk identification, co-design of mitigation measures, effective social dialogue with industry actors and guidance on supply chain mapping to identify relevant actors.
- The UNI Global Union's competence centre on Human Rights due diligence may represent another relevant initiative and potential implementation partner. UNI Global Union has representation or affiliated unions in Mexico, Brazil, Indonesia and Zambia, where it actively supports workers across multiple sectors.

Other business groupings that offer training on HREDD include:

- The [UN Global Compact](#) has active local networks in Mexico, Brazil, Zambia and Indonesia, including participating mining companies in Mexico, Brazil and Zambia.
- In Brazil, [The Global Business Initiative on Human Rights \(GBI\)](#) collaborates with CEBDS to host peer-learning events and dialogues that support businesses in implementing human rights practices across sectors. While not specific to mining, its work addresses cross-industry human rights risks that are relevant to the extractives sector.
- In Brazil, Mexico, Indonesia and Zambia, the [World Business Council for Sustainable Development \(WBCSD\)](#) maintains a presence primarily through local CSOs and member companies. It actively supports the EU CSDDD and advocates for its adoption in these countries as well.

Potential role for development cooperation agencies like GIZ

There is a wide range of training materials and programmes available on HREDD and the six-step due diligence framework. GIZ could support the development and delivery of existing initiatives and it is recommended to prioritise training

formats that adapt content to local contexts and to the mining sector specifically. Interactive, dialogue-focused approaches, such as the one used by the BOOST HRDD programme, where participants can engage, ask questions, challenge ideas and learn from peers, are generally more effective and engaging than online courses.

Additionally, GIZ could play a vital facilitation role by encouraging the inclusion of less obvious stakeholders, such as SMEs and non-EU related companies and encouraging broader participation. This could involve advocating for open-access webinars and supporting translations into local languages as well as potentially into Mandarin to engage Chinese mining operations in countries such as Indonesia and Zambia. Such inclusive, multilingual capacity-building efforts would foster wider engagement and support more equitable implementation of due diligence regulations in mineral-producing countries.

3. ESTABLISH LOCAL HREDD FOCAL POINTS TO SUPPORT SECTOR-SPECIFIC DUE DILIGENCE IN MINERAL-PRODUCING COUNTRIES

The Challenge

Many of the measures outlined above would benefit from the establishment of sector-specific, local HREDD focal points in mineral-producing countries. Currently such focal points do not exist in the four mineral producing countries included in this study or at least do not always link the various stakeholder groups together or focus only on part of the measures.

Target audience

Industry actors (both Western and non-Western companies, larger and SME operations), CSOs representing various rightsholder groups (e.g., workers, communities, Indigenous peoples) and public authorities.

Existing measures and initiatives for potential partnership

The potential for collaboration with the following active organisations across the four countries could be explored further:

- **Indonesia:** IRMA plays an important convening role, bringing together public authorities, industry actors (from Indonesia, China), as well as civil society;
- **Brazil:** Organisations like IBRAM and CEBDS organise industry-focused activities to familiarise Brazilian industry actors with HREDD frameworks in general, including EU due diligence regulation.
- **Mexico:** The CamiMex supports its members through awareness-raising efforts and roundtable dialogues.

- **Zambia:** The EU Delegation to Zambia plays a convening role, collaborating with industry to raise awareness and provide support on the interpretation of EU due diligence regulation, while also working closely with the Zambian authorities to harmonise EU and domestic reporting requirements.

Potential role for development cooperation agencies like GIZ

Such local HREDD focal points would serve as central contact hubs, convening stakeholders, facilitating dialogue and providing access to expertise and due diligence-related information. Importantly, such focal points do not need to be created from scratch. Rather, GIZ could leverage existing platforms, such as OECD National Contact Points, Responsible Business Hubs under the GIZ-supported Initiative for Global Solidarity (IGS) and/or EU or EU Member State delegations in producer countries (such as the EU Delegation to Zambia, which actively supports the implementation of EU due diligence regulation). Core functions of such local HREDD focal points could include:

1. To serve as a helpdesk providing technical support and training on HREDD, offering both general guidance aligned with normative frameworks, such as the UNGPs, and specific to EU due diligence regulation, for local companies, chambers of mines, rights holders and public authorities. This could include:

- Dialogue-focused HREDD trainings tailored to local and mining sector-specific conditions (as described in Recommendation 2);
- The provision of carefully selected and consolidated existing HREDD tools and templates, particularly for SMEs, developed by expert institutions such as the German Help Desk, the Dutch Social and Economic Council (via the IRBC Agreements), the ILO Help Desk and the EC-funded DiliCHANCE one-stop shop;
- The facilitation of access to existing thematic trainings provided by industry associations such as the RMI, the Cobalt Institute, the Nickel Institute and standard-setting bodies like The Copper Mark. Industry actors engaged in this study frequently reported lacking in-house expertise on critical human rights and environmental issues, including tailings storage facility management, artisanal mining and greenhouse gas emissions. Strengthening technical understanding in these areas could help local actors ensure compliance and mitigate the risk of disengagement or disinvestment by European customers.

2. Provide clear, accessible information on EU due diligence requirements and associated risk data and support the monitoring of implementation.

- Stakeholders across all three groups interviewed expressed a strong interest in staying informed about EU regulatory developments (e.g. updates on the Omnibus Regulation or the release of the EU Battery Regulation Guidance). GIZ could explore diverse communication channels, moving beyond traditional web-based platforms to include social media and existing local online networks.

- CSOs highlighted the challenge of accessing supply chain information, which limits their ability to connect adverse impacts in mining regions to European companies. Sharing supply chain data and publishing relevant country-specific studies and reports could empower rightsholders to actively contribute to risk assessments, mitigation planning and overall sourcing strategies.

Facilitate dialogue among stakeholders in producer countries, including industry representatives (such as national chambers of commerce or mining), CSOs and public authorities, **as well as with downstream actors in the EU** (companies, industry associations and sector initiatives). Such engagement would promote shared understanding and responsibility, inform due diligence practices and foster pan-supply chain engagement and collaboration between up- and downstream actors.

4. SUPPORTING CONVERGENCE OF MANDATORY AND VOLUNTARY HREDD REQUIREMENTS WITH INTERNATIONAL NORMATIVE FRAMEWORKS (UNGPS AND OECD MNE GUIDELINES)

The Challenge

Stakeholders in mineral-producing countries indicate that the complex HREDD landscape, including overlapping national and international regulations as well as voluntary standards, creates confusion and implementation challenges. EU and national due diligence laws indirectly affect companies in mineral-producing countries, where local regulatory frameworks already exist but often differ in structure and scope. Voluntary standards such as IRMA, the Copper Mark and ASI, often developed in anticipation of mandatory requirements, add an additional layer of complexity as they do not always fully align with legal obligations. As a result, industry actors report duplicated efforts and compliance burdens, while public authorities and civil society face difficulties navigating and communicating the implications of these diverging frameworks.

Target audience

National authorities in mineral-producing countries, EU delegations and voluntary standard-setting organisations.

Existing measures and initiatives for potential partnership

- The EU Delegation to **Zambia** is collaborating with Zambian authorities, including the Ministry of Green Economy and Environment, to harmonise EU CSRD reporting with national ESG requirements, with the aim to reduce duplication and compliance burden.

- **Indonesian** authorities undertook gap analyses in 2022, comparing national frameworks with international standards such as IRMA and RMI, and have more recently worked to align national regulatory frameworks with the EU CSDDD to safeguard EU market access. As one government representative explained, “we are very fragmented here in terms of national regulation...with around 57 different [ESG] regulations originating from different ministerial agencies. Indonesia needs to streamline those somehow... but the most important [is] to choose a good due diligence framework to benchmark against. European due diligence regulation could be just that.”¹¹
- The GBA Battery Benchmarks are designed to facilitate convergence between a variety of regulatory frameworks and VVS in battery and other mineral supply chains, enabling interoperability by providing a common, internationally aligned reference framework.

Potential role for development cooperation agencies like GIZ

Facilitating alignment of national regulations with international normative frameworks: GIZ could leverage its network of relationships with public authorities in mineral-producing countries to explore their interest in assessing whether and how national regulations could be amended to reflect international normative frameworks on due diligence, such as the UNGPs and the OECD Guidelines for Multinational Enterprises. These international frameworks are also embedded in European mandatory HREDD regulations.

It is important to emphasise that the primary point of alignment should be internationally recognised norms, rather than convergence toward EU-specific regulations. Mexico has been an OECD member since 1994 and all four countries (Zambia, Indonesia, Brazil and Mexico) have officially endorsed or adopted the UNGPs through government statements, national action plans or policy integration. Aligning national regulations with these international frameworks represents a key step toward a more harmonised and effective approach to human rights and environmental due diligence. By facilitating bilateral partnerships aimed at aligning national legislation in producer countries with international norms, GIZ can contribute to more practical, enforceable implementation, ultimately helping to reduce the compliance burden for companies operating both in producer countries and in the EU. Specific activities could include benchmarking national frameworks against international norms (e.g., UNGPs, OECD Guidelines), harmonising reporting obligations and facilitating dialogue and technical exchanges between national regulators, EU delegations and voluntary standard setters.

Voluntary sustainability standards: To further simplify and streamline the regulatory landscape, GIZ could also actively advocate for VVS to align with the same international normative frameworks, particularly the UNGPs and the OECD’s six-step due diligence framework. This alignment would help bridge the gap between voluntary and mandatory compliance systems.

Centralising the UNGPs and the OECD six-step due diligence framework in GIZ's outreach and activities on EU due diligence regulation: Finally, GIZ could play a critical role in clarifying how different HREDD requirements interconnect. A key message in its awareness-raising and capacity-building activities should be that the UNGPs and the OECD six-step framework form the common foundation for many EU due diligence regulations, such as the EU CSDDD and the EUBR, as well as for leading voluntary standards like IRMA and the Copper Mark. For stakeholders in mineral-producing countries, this means that building due diligence systems around these international norms provides a solid foundation for compliance with multiple EU regulatory frameworks.

It is also important to clarify how the different layers of EU and EU member-state regulations are expected to align in the near future, helping to address stakeholders' concerns about this 'additional layer' of requirements. For example, national laws such as Germany's LkSG and France's Corporate Duty of Vigilance Law will be updated once the final content of the EU CSDDD is confirmed through the Omnibus process, bringing national EU member-state frameworks in line with EU-wide due diligence requirements. This harmonisation is one of the key aims and added values of establishing common EU due diligence regulation.

5. ACCELERATE DUE DILIGENCE UPTAKE IN LAGGING MINERAL SUPPLY CHAINS

The Challenge

Due diligence expectations differ significantly across mineral supply chains. While some, such as nickel, but also manganese and natural graphite, lag in uptake, this can create an uneven playing field between various downstream sectors.

In the Indonesian case study for instance, various stakeholders engaged with referenced that nickel producers report stronger due diligence practices in the EV supply chain, driven by consumer pressure and direct engagement from EU automotive companies. In contrast, the more fragmented and less visible steel supply chain faces weaker scrutiny. As a result, facilities reportedly adopt a dual-track approach, applying stricter standards to EV-linked operations while communities near steel-oriented production remain more exposed to environmental and social risks.

Target audience

In the case of Indonesia-related nickel supply chains, key EU-based and international steel producers, industrial park operators, Nickel Institute and national authorities in Indonesia could present a target audience. Additionally, if GIZ would support sector- and region-specific approaches to advancing due diligence in manganese and/or natural graphite supply chains, additional manganese and natural graphite related stakeholders would need to be mapped.

Existing measures and initiatives for potential partnership

The Nickel Institute has set up an Indonesia ESG & Sustainability Platform, with the aim to provide stakeholders along nickel value chains the opportunity to quarterly exchange and discuss issues related to ESG and sustainability associated with Indonesia and nickel mining and refining and explore opportunities for joint activities or collaboration. The platform aims to provide an overview of Indonesian nickel production while enabling stakeholders to exchange information on ESG and sustainability issues across the value chain, share progress on their own related projects and learn about the latest scientific insights on nickel and cobalt that affect Indonesia's production, use, sustainability and end-of-life management.

Potential role for development cooperation agencies like GIZ

GIZ could support sector- and region-specific approaches to advancing due diligence in the steel supply chain, drawing on models such as the German National Sector Dialogues or the Dutch RBC Agreements. Given nickel's critical role in the renewable energy sector, notably as a key component in lithium-ion battery energy storage systems (BESS) and in stainless steel used for wind and solar infrastructure, initiatives like the Dutch Covenant on Renewable Energy and the German Energy Sector Dialogue could provide strategic entry points for engaging downstream nickel users.

Additionally, GIZ could consider exploring engagement with other potential strategic partners to assess their interest in strengthening human rights and environmental due diligence, as well as the development of a sector-specific approach tailored to the steel industry's risks and value chains. Such partners could include: 1) the EU-based steel producers such as SSAB (Sweden/Finland), Stegra (Sweden), Voestalpine (Austria), ArcelorMittal Europe and Thyssenkrupp Steel Europe (Germany); and 2) The Nickel Institute.

4. IN-DEPTH CASE STUDY FINDINGS

4.1 INDONESIA

4.1.1 INDONESIA'S MINERAL SECTOR

Indonesia's share in global mineral reserves and production

Mineral	Global Production Share	Global Reserves Share
Nickel	1 st (61.6%) ¹²	2 nd (21%) ¹³
Cobalt	2 nd (5%) ¹⁴	2 nd (7%) ¹⁵
Copper	7 th (4%) ¹⁶	10 th (4%) ¹⁷
Manganese	n/a	7 th (3.8%) ¹⁸

Importance of Indonesia's mineral production to EU markets and industries

Indonesia is critical for the EU's green and digital transitions, particularly for EV batteries and renewable energy technologies.¹⁹ Despite Indonesia's position as a world-leading nickel producer, most Indonesian raw materials, particularly nickel, are not exported directly to the EU. Instead, most Indonesian nickel reaches the EU indirectly after domestic processing (largely by Chinese companies) and export and semi-manufacturing

through Asian markets. In contrast, Indonesia is a significant, although not dominant, supplier of copper ores and concentrates to the EU, supplying approximately **17% of EU copper ore imports**.²⁰ The **EU-Indonesia Comprehensive Economic Partnership Agreement** (IEU CEPA), concluded in mid-2025, recognises Indonesia's strategic importance as a mineral supplier to the EU.

Trends in mining & regulatory framework

Since 2014, Indonesia has pursued an ambitious industrialisation strategy to transform its position as the world's leading nickel producer into a dominant role in the global battery supply chain. This began with a landmark export ban on unprocessed nickel ore (January 2014),²¹ which required processors to establish domestic processing facilities. Presidential Regulation No. 55/2019, "Indonesia's Battery Industrial Strategy"²² aims to position the country among the top three global EV battery producer by 2027, with an annual production capacity of 140 GWh by 2030.²³

Export bans - extended to bauxite (2023)²⁴ and copper concentrate (2025)²⁵ - have attracted significant foreign investment, particularly from China,²⁶ resulting in the establishment of 15 nickel smelters and the Indonesia

Morowali Industrial Park (IMIP), the world's largest nickel processing complex with more than 84,000 employees.²⁷ The Omnibus Law further facilitated investment through fiscal incentives, despite constitutional challenges.²⁸ By 2024, Indonesia launched Southeast Asia's first EV battery manufacturing facility (LG Energy Solution-Hyundai consortium)²⁹ and secured commitments from Tesla and BYD.³⁰ The country transformed from ore exporter to producer of higher-value nickel products - pig iron, matte, and battery precursors³¹ - with 21 registered EV manufacturers by 2021. Combined with surging global demand (nickel demand for EV batteries is expected to rise 40% by 2030)³², these policies successfully integrated Indonesia into global battery supply chains.

Voluntary Sustainability Standards Active in Indonesia



Indonesia's key salient issues and related regulations

- **Environmental Degradation:** The entire mining life cycle has reportedly resulted in a decline in environmental quality, affecting the quality of water, air and soil around mining and processing sites.³³ Nickel mining caused 722,624 hectares of deforestation in Central Sulawesi (2001-2019)³⁴, threatens more than 1,000 endemic species³⁵ across 29 small islands,³⁶ and continues deep-sea dumping practices despite significant impacts on marine life.³⁷
- **Occupational Health and Safety:** Worker's health and safety is also negatively impacted. Numerous workplace accidents in nickel mining have resulted in fatalities. Four furnace explosions at PT GNI Morowali (2022-2023) for instance resulted in six fatalities and 15 injuries,³⁸ and weak enforcement of safety standards, particularly in some Chinese-owned facilities, alongside inadequate provision of Personal Protective Equipment (PPE), persists.³⁹
- **Human and Community Rights Abuses:** Widespread displacement of communities without free, prior and informed consent (FPIC),⁴⁰ forced land sales at below-market prices, and violations of Indigenous rights affecting groups like Tobelo Dalam (North Maluku)⁴¹ and Amungme/Kamoro (Papua).⁴²
- **Air Emissions and Climate Impact:** Nickel processing facilities emit significant sulphur dioxide, while coal-fired power plants supporting smelting operations contribute substantial greenhouse gas emissions.⁴³
- **Regulatory Gaps:** Indonesia lacks a dedicated legal framework on human rights due diligence aligned with UN Guiding Principles, while Environmental Impact Assessment (AMDAL)⁴⁴ effectiveness is undermined by insufficient resources and decentralisation results in severe inconsistencies in the quality of assessments across more than 400 local bodies.⁴⁵

4.1.2 INDONESIA AND EU DUE DILIGENCE REGULATION

As part of the Indonesian case study, four interviews were conducted with a multinational nickel mining and metallurgy company, a high-level national advisory body, a trade union representing workers in mineral extraction and an environmental CSO. In addition, data was collected through seven survey questionnaires completed by industry actors, CSOs and public authorities. Together, these inputs were analysed to provide insights into Indonesian stakeholders' perceptions of EU due diligence regulation, covering levels

of awareness and preparedness, perceived risks and opportunities, anticipated implementation challenges and existing initiatives in the country.

Awareness

The various Indonesian stakeholder groups consulted for this report appear to be moderately to highly aware of EU due diligence regulation, although awareness levels vary with respect to the three regulations included in this study and among

different stakeholder groups. Most stakeholders reported being **familiar with the EU CSDDD and the EUBR, whereas the EU CMR appears to be less well known among interviewees and survey respondents**. CSOs engaged for this report demonstrate the strongest familiarity, engaging actively with the requirements and implications of the CSDDD and EUBR, while industry actors exhibit more moderate levels of awareness.

Most of these stakeholders **have engaged with EU due diligence regulation through secondary sources such as (social) media coverage, policy analyses or national conferences and events hosted by Indonesian government and international actors**, rather than through direct review or application in daily operations. For example, in 2022, industry actors in Indonesia invited public authorities, CSOs and the IRMA to participate in a forum in Jakarta to discuss the IRMA Standard and assurance system and its applicability to the Indonesian mining sector.⁴⁶ The initiative was instrumental in bringing different stakeholders together to raise awareness around HREDD in Indonesia's mining sector and to emphasise the role of voluntary sustainability standards such as IRMA in improving practices.

Awareness of EU due diligence regulation among Indonesian stakeholders is **strongly influenced by market orientation and ownership structures**. With Chinese firms controlling about 75% of Indonesia's

nickel refining capacity,⁴⁷ only a small share of mining and smelting operations are (co-)owned by EU-linked firms, meaning that most companies have little direct exposure to EU requirements. Mining companies in Indonesia that supply to Chinese or other Asian markets, where EU regulation currently receives less emphasis, have faced less pressure from buyers or financiers to align with EU frameworks and therefore show limited engagement. By contrast, those integrated into European value chains are more directly subject to regulatory scrutiny and investor expectations, which has prompted greater awareness and readiness to comply. **Awareness also appears to reflect the degree of each regulation's relevance to the country's mineral extraction, processing and export markets**. Indonesian stakeholders' comparatively high familiarity with the EUBR is likely linked to the country's significant nickel mining and processing operations, a critical raw material for batteries covered by the scope of the EUBR and central to Indonesia's industrial policy and EV ambitions. Given this direct link to some of Indonesia's key commodities, the Regulation has attracted significant attention from government, industry and media actors, resulting in a broader level of understanding. By contrast, the limited awareness of the EU CMR is likely due to the Regulation's focus on tin, tantalum and tungsten, sectors less central to Indonesia's current growth strategy (although this does not hold true for gold, where Indonesia accounts for roughly 4% of global production).⁴⁸

Opportunities and risks arising from EU regulations

Stakeholders consulted for this study generally perceive EU due diligence regulation, particularly the CSDDD and EUBR, as **highly relevant and broadly positive**, and highlighted a range of opportunities that could arise from implementing EU due diligence regulation.

Opportunities:

- **Industry actors, civil society and public authorities alike pointed to the potential of these**

regulations to deliver improved outcomes for rightsholders, especially in relation to human rights protection (with labour rights frequently highlighted) and environmental stewardship. Trade union representatives⁴⁹ and authorities⁵⁰ interviewed as part of this study emphasised the expectation that the implementation of EU due diligence regulation could generate tangible benefits for rightsholders. Firstly, they highlighted the potential for improved outcomes for workers, Indigenous

communities and local residents affected by mining operations. Secondly, trade union representatives specifically highlighted the potential of the EU CSDDD to create stronger mechanisms that empower rightsholders to advocate for their rights and wellbeing. This includes the civil liability clause within the CSDDD, as well as the potential for a greater role for rightsholders in identifying risks and shaping mitigation measures.

- **Additionally, stakeholders particularly welcomed the mandatory nature of EU due diligence regulation.** As one Indonesian trade union representative noted, *“implementation of mandatory EU regulations will be beneficial as it will actually require, and not request companies, whether upstream or downstream in the nickel supply chain, to undertake due diligence... which is really good.”*⁵¹ EU due diligence requirements are further viewed as potential catalysts, through indirect increased market pressure, for mining and processing companies to strengthen their human rights and environmental practices beyond minimum national legal requirements.
- **Indonesian authorities also emphasised that alignment with EU due diligence regulation could act as a catalyst for legislative reform.** With more than 50 existing national human rights and environment regulations, authorities see the EU framework as an opportunity to streamline and strengthen Indonesia’s own standards, reducing fragmentation across ministries and agencies.⁵² As one government representative explained, “we are very fragmented here in terms of national regulation...with around 57 different [ESG] regulations originating from different Ministerial agencies. Indonesia needs to streamline those somehow... but the most important [is] to choose a good due diligence framework to benchmark against. European due diligence regulation could be just that”.⁵³ In that sense, EU due diligence regulation is perceived as a catalyst for consolidating domestic legislation into clearer, more cohesive guidelines,

with the ultimate aim of improving governance and oversight across the mining sector. Gap analyses comparing national frameworks with international standards, such as IRMA and RMI, conducted by Indonesian authorities in 2022, reveal areas where Indonesia aims to seek greater recognition and harmonisation with international regulations.

- **Many stakeholders noted that EU due diligence regulation could help strengthen Indonesia’s position in global mineral supply chains** by enhancing its international credibility as a responsible producer. This could, in turn, support the Indonesia’s long-term competitiveness and position the country as a preferred sustainable supplier in the global minerals market. For example, an Indonesian industry actor engaged with for this study anticipated that aligning with EU due diligence regulation would enable Indonesian operations to secure offtake agreements more effectively, as compliance would distinguish them from competitors that fail to meet EU requirements.⁵⁴ In their view, this alignment could enhance credibility with downstream buyers, particularly in the EV and battery sectors, and provide a competitive advantage in accessing premium markets.
- **Another opportunity highlighted by stakeholders relates to fostering stronger dialogue and civil society participation.** Trade union representatives emphasised the need to see EU due diligence regulation as a driver of more structured and increased collaboration among rightsholders, including workers, communities and CSOs. Such dialogue could take the form of labour–community networks or joint advocacy platforms. Additionally, civil society actors highlighted the potential of EU due diligence regulation to stimulate social dialogue with industry actors, enabling unions and CSOs to contribute actively to risk assessments and mitigation strategies. Unions, in particular, underlined that health and safety risks remain a major concern in Indonesia’s mining and smelting industries, where accidents are frequent but often underreported. As

one trade union representative noted, “EU due diligence rules can help us put workplace accidents and safety risks on the agenda by ensuring workers are part of risk assessments and prevention strategies.”⁵⁵ By embedding worker perspectives into risk assessments and mitigation strategies, EU frameworks could help ensure that occupational safety becomes a core element of corporate responsibility.

Risks:

At the same time, there are consistent concerns across stakeholder groups about the implementation and EU regulation in Indonesia.

- **Many stakeholders cautioned that their implementation could exacerbate confusion in what is already an extensive regulatory and standards landscape.** As mentioned above, Indonesia has developed more than 50 ESG-related regulations across environmental protection, labour rights and human rights. At the same time, various international normative frameworks, such as the UNGPs and the OECD Guidelines for Multinational Enterprises, along with voluntary standards implemented in Indonesia, including IRMA, RMI and the Copper Mark, as well as emerging national ESG standards, introduce overlapping and additional requirements. As one stakeholder indicated, “...there are a lot of standards... and with so many standards, it makes it very difficult for us to follow and align.”⁵⁶ Stakeholders indicated that the arrival of new EU regulation risks compounding this complexity, as companies struggle to align their application of national regulations with EU requirements and/or voluntary standards. Stakeholders noted that this misalignment may lead to duplicative reporting, higher administrative costs and uneven implementation, particularly for smaller companies.⁵⁷
- Stakeholders further perceive that the **compliance burden of EU due diligence regulation is distributed unevenly, with SMEs particularly disadvantaged and highlight risks of market consolidation and divestment.** Larger mining companies and multinationals, with established compliance

departments and sufficient financial resources to absorb the costs of national and EU due diligence compliance, risk displacing SME operators from supply chains destined for the EU. SMEs often lack the technical expertise and financial flexibility to implement complex due diligence systems required for access to EU markets. Trade union representatives warned that “smaller companies may struggle to comply with stringent regulations, potentially leading to their exclusion from the market, which could reduce competition and job opportunities”.⁵⁸ Authorities further cautioned that EU buyers may respond through de-risking strategies, divesting from smaller or less formalised suppliers to limit exposure, thereby accelerating market consolidation around large, well-capitalised firms. As one stakeholder highlighted,⁵⁹ this dynamic could not only reduce competition but also sideline SMEs that play an important role in local economies and employment, ultimately undermining the inclusivity of responsible sourcing objectives.

- Stakeholders consulted for this report also repeatedly stressed that the **implementation of EU due diligence regulation risks creating a competitive disadvantage for Indonesian-based companies supplying the EU market.** Compliance with the CSDDD and EUBR requires significant investments in risk identification and management systems, reporting and potentially certification, costs that fall disproportionately on firms engaged with European buyers. By contrast, Chinese-owned companies operating extensively in Indonesia, particularly dominating the nickel sector and primarily supplying Chinese and other Asian markets, are not subject to equivalent requirements and, to date, appear not to have prioritised alignment with EU due diligence frameworks. As one interviewee explained, “Chinese companies in Indonesia often prioritise compliance with local regulations over EU due diligence regulations. As their primary market is China... many Chinese firms may perceive EU regulations as irrelevant to their operations, resulting in a lower focus on international norms for human rights and environmental due diligence compared to their European counterparts”.⁶⁰

Preparedness

The large majority of the Indonesian stakeholders engaged with for this study have to some extent started to prepare for or respond to EU due diligence regulation.

Industry actors based in Indonesia exhibit varying levels of preparedness for EU due diligence regulation. **Overall, some companies appear to be taking concrete steps toward alignment by committing to human rights and environmental stewardship in company policies, integrating due diligence management systems and engaging more closely with customers and suppliers,** in line with EU due diligence requirements, particularly under the CSD-DD and EUBR. Others, however, continue to face structural constraints, such as joint venture arrangements, which seem to limit their ability to implement mechanisms like grievance procedures. In some cases, companies report preparing for EU due diligence regulation directly, while others appear to rely on existing commitments **to comprehensive voluntary standards such as IRMA, which appear to serve as proxy frameworks for meeting EU due diligence expectations.** Interestingly, an Indonesia-based miner noted that pressure to comply with EU regulation often comes not from their immediate buyers but from downstream actors. As one industry actor explained, “[w]e have seen due diligence inquiries, but it often comes from [US-and EU-based] automotive companies and battery companies, trying different ways of getting through to us because their customers demand higher ESG performance. It’s a win-win: if they can show that Indonesian suppliers meet these standards, it helps justify their investments here and strengthens our access to the EV market.” As a significant share of Indonesian nickel feeds into the European EV industry, car manufacturers are increasingly approaching Indonesian miners directly with due diligence inquiries and proposals for collective action under the EUBR, often as a means of bypassing Chinese processing or joint-venture partners, who remain less responsive to such requests.

Public authorities overall, and The National Economic Council (NEC) in particular, seem to play an active role in facilitating the work of assurance schemes, such as IRMA and RMI, as well as industry associations like the Nickel Institute, to engage directly with mining companies and other stakeholders in Indonesia. The Coordinating Ministry for Maritime and Investment Affairs provides another example, having actively co-hosted an IRMA introductory Forum with Eramet and EITI Indonesia in September 2022, aimed at improving industry actors’ understanding of international ESG frameworks. The Forum was attended by over 140 participants from across the minerals sector.⁶¹ Public authorities additionally recognised the significance of voluntary standards such as IRMA in promoting human rights and environmental due diligence, engaging with IRMA to explore how its standard and assurance system could support responsible mining governance. In 2022, two Indonesian ministries conducted an analysis of the alignment between the country’s legal framework and the IRMA Standard.⁶² This gap analysis serves as an important basis for the Indonesian legislative authorities to streamline regulations and narrow gaps with international regulations and voluntary standards.

While overall civil society engagement in the implementation of EU due diligence regulation appears to be somewhat restricted, **Indonesian trade unions appear to be taking a proactive role in preparing for its implementation.** Trained by international trade unions IndustriALL and CNV International on HREDD, some of those unions have begun establishing social dialogue with Indonesia-based mining and processing companies as well as with downstream automotive manufacturers in the US and EU. Their engagement seeks to underline these companies’ responsibility in addressing labour and environmental risks in nickel supply chains and to provide input into risk assessments. At the same time, these civil society actors are strengthening networks with other trade unions and community representatives to amplify rightsholders’ voices.

Challenges and needs to effectively respond and implement EU regulation

Overall, stakeholders in Indonesia engaged for this report recognise the importance of EU due diligence regulation but face systemic challenges in preparing for implementation. The most common difficulties identified can be grouped into four areas:

- Limited technical understanding and resource constraints:** Industry actors that began preparing for EU due diligence regulation almost unanimously emphasised gaps in interpreting compliance expectations, underlining the need for additional guidance to manage compliance effectively.⁶³ Uncertainties concerning the ongoing *Omnibus I proposal* and delays in EU guidance, such as on the EUBR, were mentioned as factors further impeding preparation. Public authorities, including the NEC and the Coordinating Ministry for Economic Affairs, similarly acknowledged limited expertise, which makes it difficult to provide clear direction to industry. A trade union representative noted that while EU regulations are positive, *“one of the things that [is] actually quite hard to understand is... how to translate it into... the grassroots.”*⁶⁴ Stakeholders therefore stressed the need for sustained training and capacity building to translate regulatory concepts into actionable steps for businesses, rightsholders and authorities.
- Predominance of Chinese ownership creating challenges for EU regulation compliance:** Various public and private stakeholders engaged with for this study raised concerns about Chinese dominance in ownership structures, which they say significantly limits companies' ability to meet EU due diligence requirements. One company described how its role as a minority partner in a joint venture with a Chinese firm restricts its capacity to lead on human rights and environmental issues and limits its ability to drive improved practices, such as the development of an effective grievance mechanism, which is centrally managed by the Chinese partner. It noted that *“...Chinese partners just go for national compliance, which is in terms of ESG, that's less than, for example, RMI.”*⁶⁵ As a result, its ability to drive change is severely curtailed.
- Persistent information gaps in supply chains:** Civil society actors particularly highlighted limited supply chain information as a key impeding factor in linking human rights and environmental risks at mine sites or smelters to downstream companies. Without a clear understanding of where Indonesian nickel ends up, rightsholders face limitations in holding international buyers accountable. While local civil society, with support from organisations such as IndustriALL and CNV International, have begun working on supply chain mapping to address these gaps, they stressed that substantial support is still required to effectively connect local risks to global supply chains.
- Uneven maturity of due diligence practices across supply chains:** Finally, differences in due diligence maturity across supply chains present a significant challenge. According to industry stakeholders, approximately 80% of Indonesian nickel is channelled into steel production,⁶⁶ where both industry and civil society actors indicate⁶⁷ that due diligence expectations remain limited due to fragmented supply chains, weak consumer visibility and predominant demand from China and India. In contrast, roughly less than 20% of Indonesia's nickel feeds into the EV and battery sectors,⁶⁸ which face far higher levels of scrutiny, with automotive companies and industry initiatives such as *Drive Sustainability* actively pressing for compliance with EU regulation. An industry actor described how Chinese-led industrial parks adopt a pragmatic approach, applying more rigorous ESG standards in facilities serving the EV sector while applying looser standards for steel-related production. This uneven application means that local communities near nickel operations which serve the steel industry often experience greater social and environmental risks than those located near mines and facilities integrated into the more demanding EV supply chain. While the steel sector is expected to gradually adopt stricter ESG standards, progress is likely to be slower.

Existing initiatives in Indonesia related to the implementation of EU due diligence regulation or HREDD more broadly

Initiative	Purpose	Lead Organisation	Timeline	Target Audience	Approach and other Details
<u>Initiative for Responsible Mining Assurance (IRMA)</u>	To promote responsible mining practices in Indonesia by raising awareness of its standard and broader initiatives, and by supporting companies and other stakeholders in implementing human rights due diligence.	The multi-stakeholder IRMA Secretariat	Ongoing, since early 2020s	Mining companies, regulators, civil society	IRMA (co-)hosts national multi-stakeholder roundtables and seminars and assists in company-level pre-assessments to support industry actors improve human rights and environmental practices. Potentially relevant for GIZ and EC as a partner to raise awareness on HREDD and convene various stakeholder groups.
<u>UN Responsible Business and Human Rights Forum – Asia-Pacific</u>	To advance the UN Guiding Principles on Business and Human Rights and foster responsible business practices.	UN-OHCHR	Recurring annually, since 2019	Governmental actors, companies (incl. Asian actors), civil society, trade unions, international organisations	Organised the region's foremost annual forum on business and human rights. Potentially relevant for GIZ and EC as a partner to raise awareness on EU due diligence regulation and potentially set the agenda on key supply chain issues.
<u>Presidential Regulation No. 60 of 2023 – National Strategy on Business and Human Rights (Stranas-BHAM)</u>	To strengthen the government's commitment to the implementation of the UNGPs; to provide a national regulatory framework for the promotion, protection and respect of human rights in business activities; and to improve access to remedy for victims of business-related human rights harms.	Government of Indonesia; principally Ministry of Law and Human Rights and other ministries; multistakeholder inputs (CSOs, business associations, etc.).	Formally enacted 26 September 2023, with a strategy period currently defined for 2023–2025.	All business actors (companies established or operating in Indonesia), ministries/agencies, regional/local governments, civil society, communities.	Mandates capacity building, mapping existing regulations & policies, and establishing a national task force (GTN BHAM) and regional task forces (GTD BHAM) to promote and implement the UNGPs in Indonesia. Provides tools like PRISMA (a risk assessment/business & human rights risk module) to industry actors.
<u>OECD Minerals (Guidance) – Outreach & Training (Indonesia)</u>	To promote the OECD Minerals Guidance and build local capacity.	The OECD, with Indonesian government and donor/partner support.	Workshops held periodically since mid-2010s; most recent rounds in 2023–2024.	Mining companies (esp. nickel, tin, gold), government officials, civil society.	The OECD provides training and workshops, disseminates the OECD Minerals Guidance and helps companies in mapping and mitigating supply chain risks.
<u>National Economic Council (NEC) activities</u>	To align Indonesian national regulation with international normative frameworks and voluntary standards.	National Economic Council (NEC)	Ongoing	Mining companies, regulators, certification bodies.	The NEC benchmarks Indonesian regulations against voluntary standards of IRMA and RMI and actively engages with international organisations such as the OECD, the Nickel Institute, EITI and the World Bank. Relevant for GIZ to help Indonesian businesses understand and align with international standards.

Implementing EU Due Diligence Regulation in Mineral-producing Countries: A Needs and Gap Analysis

Initiative	Purpose	Lead Organisation	Timeline	Target Audience	Approach and other Details
<u>Environment, Social, and Governance (ESG) Forum 2025</u>	To enhance understanding of global human rights and environmental market requirements & regulations for the green transition (such as EU Battery Passport, Paris Agreement, etc.) and align their implementation to Indonesia's specific conditions.	The Indonesian Nickel Miners Association (APNI), in collaboration with the Indonesian Mining Experts Association (PERHAPI) and supported by the Ministry of Investment and Downstream Development/BKPM, the National Economic Council (NEC) and Bappenas.	2 June 2025, recurring forum expected.	Various stakeholders, including the government, mining companies and associations or organisations	APNI organises multi-stakeholder fora and initiates discussions on ESG alignment, compliance with EU regulation & global market standards.
<u>CNV/IndustriALL HREDD Boost training</u>	To strengthen the understanding of Indonesian unions on due diligence requirements and processes and their relevance to Indonesian workers, and to build capacity for those workers and union representatives to play an active role in due diligence processes.	The Dutch CNV Internationaal & IndustriALL Global Union. Donor funded amongst others by the government of the Netherlands.	Ongoing; activities in 2024–2025.	Workers and trade union representatives.	Provides HREDD trainings; facilitates dialogue with mining companies and car manufacturers; builds networks to inform risk assessments; and builds rightsholder capacity on HREDD.
<u>Indonesia ESG & Sustainability Platform</u>	The platform aims to provide an overview of Indonesian nickel production while enabling stakeholders to exchange information on ESG and sustainability issues across the value chain, share progress on their own related projects and learn about the latest scientific insights on nickel and cobalt that affect Indonesia's production, use, sustainability and end-of-life management.	The Nickel Institute	Since 2024, quarterly 2hr meetings	Stakeholders interested in sustainability issues related to Indonesia (incl. standardisation bodies, regional and global industry associations; downstream companies)	Through quarterly 2hr meetings, stakeholders along nickel value chains are provided the opportunity to exchange and discuss issues related to ESG and sustainability associated with Indonesia and nickel mining and refining and explore opportunities for joint activities or collaboration.
<u>PRAKARSA Human Rights Due Diligence Training</u>	To increase understanding of human rights in line with the UN Guiding Principles on Business and Human Rights through human rights due diligence training for NGOs in Indonesia and Nepal.	PRAKARSA, supported by Oxfam under the Fair for All program.	13 – 14 March 2024	19 CSOs both national and international, including Oxfam in Indonesia.	Organises interactive learning sessions on HREDD, the UNGP, potential human rights violations, case studies on harmful business activities and supply chain mapping.
<u>Responsible Critical Mineral Initiative (RCMI)⁶⁹</u>	To support companies in implementing due diligence aligned with OECD Minerals Guidance and emerging EU requirements.	CCCMC (China Chamber of Commerce for Metals, Minerals & Chemicals Importers & Exporters), RMI).	Active in Indonesia since mid-2010s; ongoing updates (nickel, cobalt focus).	Indonesian mining operators selling into Chinese/EU battery supply chains.	Provides guidance, reporting tools and alignment with OECD Minerals Guidance; sets-up pilots with Indonesian suppliers. Focus on cobalt/nickel trade into EV batteries.

4.2 BRAZIL

4.2.1 BRAZIL'S MINERAL SECTOR

Brazil's share in global mineral reserves and production

Mineral	Global Production Share	Global Reserves Share
Niobium ⁷⁰	1 st (88%)	1 st (95%)
Tantalum ⁷¹	3 rd (10–13%)	2 nd (40%)
Graphite ⁷²	4 th (4.25%) ⁷³	2 nd (22%)
Lithium ⁷⁴	5 th (3–4%)	1.3%
Manganese ⁷⁵	7 th (3–3.5%)	16%
Nickel ⁷⁶	8 th (2–3%)	3 rd (16%)
Gold	10 th (3%)	

Importance of Brazil's mineral production to EU markets and industries

Brazil is a major EU supplier of critical raw materials essential for steelmaking, batteries, and electronics.⁷⁷ In 2023, the country supplied **26% of EU's copper ore imports**⁷⁸ and **58% of nickel ore and concentrate**,⁷⁹ making it EU's primary nickel supplier

Brazil's mineral capacity is crucial to EU supply chain diversification, with potential to replace significant volumes of manganese, copper, and nickel currently sourced from China and Russia.⁸⁰

Trends in mining & regulatory framework

Brazil's **government actively promotes mining sector expansion of green transition minerals**, resulting in lithium production surging from 300 metric tonnes (2018)⁸¹ to 10,000 metric tonnes in 2024,⁸² attracting multinational investment to the Jequitinhonha Valley region. The National Mining Plan 2011-2030⁸³ and pro-mineral policy (2022)⁸⁴ prioritise transition minerals including lithium, copper, nickel, cobalt, and graphite,⁸⁵ while the 2023 Growth Acceleration Plan (PAC)⁸⁶ allocates \$60.7 million for energy transition mining projects. Institutional reforms through the Agência Nacional de Mineração (ANM) also streamline licensing and improve transparency,⁸⁷ while Brazil's **EU strategic partnership** (since 2007)⁸⁸ and its EU Generalised Scheme of Preferences (GSP+) membership provide reduced mineral import tariffs for sustainable

development commitments.⁸⁹

Brazil has several laws and processes in place that could facilitate adherence to global normative responsible business conduct frameworks, such as the Brazilian National Policy on Solid Waste,⁹⁰ and the CONAMA Resolution (401/2008).⁹¹ Despite Brazil's robust regulatory framework and growing alignment with global standards, enforcement weakened under the Bolsonaro administration (2019-2023)⁹² through budget cuts to IBAMA and FUNAI, relaxed environmental licensing,⁹³ and legislation weakening Indigenous protections.⁹⁴ **Brazil relies primarily on domestic rather than international frameworks**,⁹⁵ having refrained from ratifying multilateral agreements such as the Escazú Agreement.⁹⁶

Voluntary Sustainability Standards Active in Brazil



Brazil's key salient issues

- **Deforestation:** with expansion of graphite, lithium, copper, manganese, and nickel operations driving increased Amazon rainforest deforestation, 9,904 hectares were deforested due to mining and an additional 44,131 hectares from illegal mining⁹⁷ between 2019 and 2024, particularly in the Carajás region and Cerrado.⁹⁸
- **Indigenous Rights Violations:** Despite constitutional protections requiring FPIC, illegal mining in Indigenous lands increased by 632% between 2010 and 2021,⁹⁹ with 2,185 violent incidents and 13 homicides reported in 2024 alone.¹⁰⁰
- **Environmental Contamination:** Water and soil contamination with heavy metals and toxic substances from acid leaching, waste generation, and dust dissemination are recurring concerns, with air pollution particularly severe in manganese and lithium operations using dry-stacked tailings.
- **Tailings Dam Failures:** The catastrophic Mariana (2015) and Brumadinho (2019) dam ruptures killed nearly 300 people and caused severe environmental destruction, with 62 of 472 monitored dams classified as "high risk" as of 2024.¹⁰¹

4.2.2 BRAZIL AND EU DUE DILIGENCE REGULATION

As part of the Brazil case study, the research team engaged a range of stakeholders, including mining companies and corporate associations, law firms, government authorities, CSOs, academics, consultants and think tanks. Three interviews were conducted with representatives from a CSO, a public authority, and a think tank. In addition, five survey questionnaires were

completed by two mining companies, the Brazilian chapter of a global corporate network, an academic centre focused on mining, and a law firm. It is important to note that three survey respondents opted to remain anonymous, limiting the depth of analysis that could be conducted on the survey data.

Awareness

The various Brazilian stakeholder groups consulted for this report generally demonstrated moderate levels of awareness of EU due diligence regulation, with awareness varying across the three regulations included in this study. Stakeholders appeared most familiar with the EU CSDDD, with several respondents

indicating that it was the only EU due diligence regulation they were aware of. Awareness of the EUBR was moderate, while the EU CMR was the least known among participants. In both the interviews and surveys, the majority of stakeholders reported some degree of direct exposure to the EU CSDDD, either through

reading the regulation in full or in part, or through work-related interactions. These included responding to external demands from civil society, participating in events organised by government, industry or NGOs, providing consultancy on EU CSDDD-related topics

or engaging in international conferences and academic collaborations in Europe. In addition, news coverage and social media content appear to have played a significant role in raising general awareness of the EU CSDDD among stakeholders.

Opportunities and risks

The perception of EU due diligence regulation is largely positive across the consulted stakeholder groups, with particular positive emphasis on the EU CSDDD. Stakeholders highlighted a range of potential opportunities that could arise from implementing EU due diligence regulation:

Opportunities:

- **Enhanced protection and participation of rightsholders:** Stakeholders engaged for this report emphasised how EU due diligence regulation, particularly the EU CSDDD, is expected to benefit rightsholders by improving wellbeing, safety and protection, and by promoting their participation in risk assessments and mitigation planning. By requiring companies to identify, assess and address human rights and environmental risks throughout their value chains, the EU CSDDD is considered to encourage the direct involvement of rightsholders in decision-making processes. Stakeholders noted that such engagement not only enhances transparency and trust between companies and affected groups but also ensures that local knowledge and priorities inform the design of responsible business practices.¹⁰² CSOs indicated that they also view these regulations as a strategic tool for advocacy and litigation against companies in their home jurisdictions, enabling them to further hold international companies accountable beyond national borders.¹⁰³ *“When we find ourselves without internal (due diligence) tools, we turn to international regulations. These laws don’t necessarily have the same impact in terms of accountability, but they are important because they can be used to exert pressure on international actors...and there may be the*

*option of litigating against companies in their home countries”.*¹⁰⁴

- **Clear and mandatory framework for corporate accountability, strengthening existing domestic laws and enforcement:** Industry and corporate network representatives view the regulations as valuable tools that establish coherent, enforceable standards for human rights and environmental due diligence across supply chains. Both survey and interview responses highlight the value of a clear, mandatory framework that guides industry behaviour, especially in sectors with significant social and environmental impact. As one Brazilian CSO noted, *“these laws impose obligations, they carry greater force to drive change, a coercive pressure to alter conduct and bring about broader awareness and concern”.*¹⁰⁵ Both government and civil society actors also see EU due diligence regulation as a means of reinforcing domestic legal frameworks that are often weakly enforced or politically undermined, helping ensure compliance through international pressure. A government official highlighted that the true value of EU due diligence regulation lies in its potential to reinforce domestic legal systems through binding international commitments. A public authority stakeholder highlighted the complementarity EU due diligence regulation could bring: *“We have some reasonable legal frameworks, but they remain incomplete, and we still face attacks, including institutional ones, ... All complementary legislation, beyond the national level, is important because there is a growing demand for human rights due diligence (HRDD), which ultimately influences what businesses practice in general”.*¹⁰⁶ In contexts where domestic enforcement mechanisms are weak or unavailable, EU

due diligence regulation provides a means to exert pressure on global actors and constrain corporate misconduct through internationally recognised standards.

- **Boost to Brazil's international reputation and competitiveness:** Respondents, including legal and industry representatives, emphasised the potential of EU due diligence regulation to enhance international credibility, improve market access and provide a competitive advantage for compliant Brazil-based companies. This strengthened reputation is expected to bolster the country's long-term competitiveness and help position it as a preferred supplier in the global minerals market.
- **Support for international cooperation and stakeholder dialogue:** Stakeholders highlighted the potential for improved collaboration and dialogue between companies, rightsholders, and other actors, fostering shared responsibility in supply chain governance. As Brazilian companies adapt to EU due diligence requirements, closer collaboration with European buyers, investors, and CSOs is expected to develop. As a civil society representative noted: *"Among the very few options available to civil society, [EU due diligence regulation] becomes a tool for us to reach out to the company's headquarters, which tends to be more concerned about how these laws affect them, whether to develop or explore strategies, react, or foster broader dialogue with different stakeholders."*¹⁰⁷ In particular, such cooperation is hoped to encourage Brazilian industries, especially in the mining sector, to develop more inclusive consultation processes with local communities and Indigenous peoples.

Risks:

At the same time, there are consistent concerns across stakeholder groups about the implementation of EU due diligence regulation in Brazil.

- **Risks of overcompliance:** Stakeholders raised concerns that large companies seeking to meet EU due diligence requirements may impose overly stringent

standards on their suppliers, resulting in overcompliance and additional financial or administrative burdens. As one stakeholder noted: *"Companies will likely start demanding behavioural standards from both their direct and indirect suppliers, and this could require financial offsets. In many supply chains, these SMEs are highly dependent on such companies, and this situation could actually lead to their insolvency"*.¹⁰⁸

- **Risk of market consolidation:** SMEs, which constitute a significant share of Brazil's mineral supply chains, are particularly vulnerable in this regard. The financial, technical and administrative costs associated with compliance are often substantial and larger corporations are generally better equipped to absorb these expenses. In contrast, smaller suppliers may struggle to meet the same standards without adequate financial resources or technical support. Several respondents, including legal and academic experts, noted that the regulations could be too onerous for SMEs to implement, especially where alignment with local laws and priorities is weak. As a civil society representative explained: *"Now that some time has passed, small and medium-sized companies are seeking us out for support. Initially, it was the more organized business sector, so to speak... We are concerned that small or medium-sized companies might not be able to meet the due diligence demands and end up being excluded from a larger company's supply chain"*.¹⁰⁹ The burden of compliance may lead to the concentration of market power among larger companies that can absorb the costs, potentially marginalising smaller suppliers, leading to their exclusion from international value chains.
- **Risk of unintended impacts on rightsholders:** Stakeholders further expressed concern that, while these regulations aim to protect affected communities, they could inadvertently harm rightsholders if companies disengage from high-risk areas instead of improving practices.

Preparedness

In response to the introduction of EU due diligence regulation, stakeholders reported attending or organising **awareness-raising or training events** for employees or members. Some **mining companies indicated that they have started developing human rights policies, have conducted risk assessments and have established methodologies to integrate human rights considerations into their management systems and operational processes.** They have also

incorporated human rights into their communications and reporting practices.

Interestingly, these industry actors noted that a significant portion of their due diligence efforts already began in 2023 in preparation for the LKSG.¹¹⁰ Industry associations such as IBRAM and cross-sectoral organisations like CEBDS have been engaging members in discussions on international normative developments related to corporate due diligence.

Challenges and needs to effectively respond and implement EU regulation

Overall, stakeholders in Brazil engaged for this report recognised the importance of EU due diligence regulation but emphasised the significant gaps around limited awareness, technical understanding and institutional capacity gaps, which hinder effective preparation. The most commonly cited challenges include:

- **Low awareness and limited understanding across stakeholder groups:** A key challenge identified by Brazilian stakeholders is the generally low level of awareness and understanding of EU due diligence regulation across different groups. Public authorities observed that senior management within companies often fail to prioritise the integration of human rights and environmental due diligence into corporate culture. As one stakeholder noted: *“We often hear about the challenge of raising awareness among senior management about these topics and embedding these issues into corporate culture”*.¹¹¹ Many companies, particularly SMEs, remain unfamiliar with the scope and implications of these regulations, and CSOs similarly highlight the need to raise awareness among SMEs through peer-to-peer learning, social dialogue and sector-specific initiatives that better reflect local realities. While some multi-stakeholder platforms, such as the Global Compact, already exist in online settings,

participants noted that virtual engagement has proven ineffective in fostering trust and meaningful collaboration. Furthermore, they noted that there is a pressing need to involve grassroots organisations and unions, such as the Movimento dos Atingidos por Barragens (MAB) and the Movimento pela Soberania Popular na Mineração (MAM), to strengthen their understanding of how these regulations apply in practice and enhance their role in monitoring and advocacy. Rightsholders, particularly affected communities, also require targeted technical support to grasp the content and implications of these laws and to effectively articulate their grievances and claims.

- **Difficulties translating EU requirements into practical steps:** Stakeholders consistently emphasised that the absence of clear technical guidance represents an obstacle to the effective implementation of EU due diligence regulation in Brazil. Both survey and interview respondents, including legal experts, companies and corporate networks, pointed to uncertainty about how to operationalise the due diligence requirements in practice. As one stakeholder highlighted, *“often, rightsholders will need technical support to understand that this exists, to access this knowledge, and to get help in formulating their requests or complaints”*.¹¹² Ambiguities in

the interpretation of key obligations have led to inconsistent approaches and uneven implementation across sectors, particularly where local regulatory contexts differ. To address this, stakeholders stressed the need for both EU and Brazilian authorities to provide practical tools, sector-specific methodologies, and clear procedural guidance to support companies and civil society actors, achieve compliance and integrate due diligence into their operations.

- **Regulatory alignment with national frameworks:**

Stakeholders consulted for this report emphasised the importance of ensuring greater coherence between the EU due diligence regulation and Brazil's existing legal frameworks to prevent duplication and reduce compliance burdens. While Brazil has developed a relatively strong body of environmental and human rights legislation, stakeholders pointed out that enforcement remains limited due to institutional weaknesses and insufficient political will. A think tank representative further noted that *"...having robust protective laws does not automatically translate into their practical application. We need a state apparatus capable of ensuring the enforcement of these laws. The ideal pathway is to achieve binding legal frameworks at both international and domestic levels."* Stakeholders highlighted that for international frameworks like the EU regulations to have meaningful impact, Brazil would need to integrate binding due diligence norms, complete with enforcement mechanisms, into its domestic

legal system. As one stakeholder highlighted: *"There needs to be a binding norm incorporated into Brazil's legal framework, otherwise it will not be followed. For example, environmental licensing is becoming even more discretionary, leaving the companies themselves in charge of the measures."* The coexistence of numerous regulatory and voluntary initiatives was also identified as a source of confusion and administrative strain for companies, underscoring the need for better alignment and harmonisation between national and international standards.

- **Capacity gaps and institutional weaknesses:** Both government and civil society actors identified limited institutional capacity within public bodies as a major barrier to the effective coordination and implementation of due diligence-related initiatives. The absence of a dedicated technical team within government agencies to engage with civil society, monitor company practices and develop complementary national regulations was seen as a critical shortcoming. A stakeholder explained that *"the government lacks a technical team to work on these laws alongside civil society and other stakeholders and also to work on internal regulations that could complement European laws."* This institutional gap is reported to undermine Brazil's ability to align domestic efforts with international standards and to ensure consistent enforcement of human rights and environmental obligations.

Existing initiatives in Brazil related to the implementation of EU due diligence regulation or HREDD more broadly

Initiative	Purpose	Lead Organisation	Timeline	Target Audience	Approach and other Details
<u>Initiative for Responsible Mining Assurance (IRMA)</u>	To promote responsible mining practices in Indonesia through awareness raising on its standard and broader initiative, and supporting companies and other stakeholders in implementing human rights due diligence	IRMA Secretariat, Canada and its Latin America Representative	N/A	mining companies, civil society and public authorities	IRMA is currently undertaking an effort to increase the number of companies applying the self assessment and the third-party assessment in Latin America.
<u>UN Regional Business and Human Rights Forum – Latin America and the Caribbean</u>	Largest gathering in Latin America for Business and Human Rights discussions.	UN OHCHR / UN Working Group on Business and Human Rights	Regional forum once a year, usually in the first semester	Industries, academic, government authorities, civil society	The forum and related working group could potentially be interested in establishing sessions around the European regulation for the 2026 regional forum.
<u>CEBDS (Brazilian Business Council for Sustainable Development)</u>	CEBDS (Brazilian Business Council for Sustainable Development) is a membership led organization that connects companies, governments and society to promote sustainable solutions in search of positive impacts.	CEBDS has a working group for social affairs that promotes gatherings in which RBC regulation is discussed.	A few times a year	Brazilian mining companies that are members of CEBDS.	CEBDS regularly convenes stakeholders from various groups, and might be an interesting partner to collaborate with on the organisation of a roundtable related to EU due diligence regulation.
<u>Brazilian Mining Association (IBRAM)</u>	IBRAM is a Brazilian membership organisation, with more than 160 industrial company members being responsible for 85% of Brazil's mineral production.	The Committee for International Mining Standardisation, headquartered at IBRAM-MG, has since 1994, supported the participation of companies in the development of voluntary standards (e.g., ISO)	No information available	Mining companies (external affairs, sustainability and operations)	IBRAM works to strengthen the relationships between mining companies and their various publics, such as their professionals and suppliers, the government and society. It also works to connect the sector. Encourages innovation, disseminates knowledge, fosters and disseminates good practices, articulating business and development opportunities for the mining industry. IBRAM also has a sustainability committee.
<u>Pacto Global – Rede Brasil</u>	PG Brazil has a BHR working group, with participation of Brazilian mining companies.	Global Compact Brazil	Four times a year	Mining companies	Global Compact could be an interesting partner to collaborate with on technical capacity building on HREDD, and the facilitation of multi-stakeholder dialogue, for instance in the form of a roundtable related to EU due diligence regulation.

Initiative	Purpose	Lead Organisation	Timeline	Target Audience	Approach and other Details
<u>German Center for Science and Innovation (DWIH)</u>	The DWIH São Paulo is centre enabling access to Germany's science and innovation, providing the primary opportunities for research and study in the country, including study scholarships, career planning, and opportunities for cooperation.	German Government	N/A	Industry actors in Brazil	Even though this Center is focused on German companies, one could assess their interest in co-hosting events about EU regulation, perhaps including LkSG in the discussion.
<u>Brazilian Business and Human Rights National Policy</u>	The Ministry of Human Rights and Citizenship is responsible for the inter-ministerial and inter-sectoral coordination of policies to promote and protect Human Rights in Brazil.	<u>Brazilian Ministry of Human Rights and Citizenship</u>	Publication of policy still not foreseen	Multi-stakeholder	The Ministry has a BHR Secretariat that led an 18 month public consultation about a Business and Human Rights National Policy (2023/2024). The Policy is known to be finished but it has not been published. Based on previous drafts that were made public, the Policy will largely reflect the contents of the Bill 572/2022, currently pending in Congress. This bill establishes the national framework law on Human Rights and Business and sets guidelines for the promotion of public policies on the subject.

4.3 MEXICO

4.3.1 MEXICO'S MINERAL SECTOR

Mexico's share in global mineral reserves and production

Mineral	Global Production Share	Global Reserves Share
Zinc ¹¹³	6 th (2%)	Among top 10 (4%) ¹¹⁴
Copper	10 th (3%) ¹¹⁵	7 th (6%) ¹¹⁶
Barite ¹¹⁷	Among top 10 (4%) ¹¹⁸	n/a
Molybdenum ¹¹⁹	Among top 10 (6%) ¹²⁰	1%
Lithium	n/a	9 th (2%)
Graphite	0, 1% ¹²¹	1% ¹²²

Importance of Mexico's mineral production to EU markets and industries

Mexico's mineral reserves and expanding battery manufacturing position makes it strategically important for the EU's green transition, particularly for battery and steel industries. While EU copper imports from Mexico remain negligible, **Mexico supplies approximately 14% of the EU's zinc ore and concentrate imports.**¹²³ The recently modernised EU-Mexico Global Cooperation Agreement (2025)¹²⁴ emphasises

de-risking of mineral supply chains and securing sustainable critical raw materials supply, reflecting growing EU interest in Mexican minerals.¹²⁵ However, the United States remains Mexico's dominant export market, followed by China (23%), Switzerland (6%), and South Korea (4.9%), indicating Mexico's continued dependence on North American and Asian demand.¹²⁶

Trends in mining & regulatory framework

Mexico has implemented targeted measures to strengthen resource state control and support clean energy transitions.¹²⁷ In 2022, the government declared **lithium a strategic mineral**, granting the State exclusive rights to its exploration and commercialisation.¹²⁸ Despite this nationalisation, Mexico actively promotes mining investment¹²⁹ through **over 46 international treaties, including USMCA,**¹³⁰ **while seeking foreign investment from South Korea and China.**¹³¹ The government also **prioritises downstream industry development**, hosting over 100 foundry plants supplying US electric vehicle manufacturers and developing a circular lithium economy through battery manufacturing and recycling facilities.¹³² One lithium-ion battery plant is currently operational in Bajío, with another planned in Monterrey.¹³³

In 2023, Mexico introduced comprehensive mining reforms,¹³⁴ addressing human rights and environmental impacts.¹³⁵ Key provisions require written approval from Indigenous communities for projects on their lands, mandate between 5% and 10% of pre-tax profits be allocated to local communities,¹³⁶ prohibit mining concessions in protected areas and water-scarce zones, and hold concession holders permanently liable for mining waste.¹³⁷ **Mexico has also ratified significant international commitments** such as the Escazú Agreement (2021)¹³⁸. While these reforms establish a robust regulatory framework, challenges remain in enforcement capacity, monitoring capabilities, and the absence of comprehensive legal frameworks on business and human rights.

Voluntary Sustainability Standards Active in Mexico



Mexico's key salient issues

- **Environmental Degradation:** Excessive water and land use in water-scarce northern regions,¹³⁹ inadequate toxic waste management leading to contamination of at least 29 sites,¹⁴⁰ while 586 existing tailing dams (approximately half of which are inactive) pose serious risks to ecosystems and communities.
- **Weak Environmental Enforcement:** Federal enforcement capacity has been weakened by budgetary cuts to Secretariat of Environment and Natural Resources (SEMARNAT) and competing state interests, exemplified by controversial projects like the Tren Maya trainline developed without proper environmental impact assessments.¹⁴¹
- **Labour Rights and Occupational Safety:** Despite regulatory improvements since 2012, unsafe working conditions persist,¹⁴² with thousands of mine workers estimated to operate under hazardous conditions, often without adequate inspections or modern technology.
- **Indigenous Rights:** While the 2023 Mining Reform requires consultation with Indigenous communities¹⁴³ and mandates at least 5% profit sharing,¹⁴⁴ it falls short of the FPIC standard required by the Declaration on the Rights of Indigenous Peoples, to which Mexico is a signatory.¹⁴⁵ Mining concessions cover 9% of Mexico's surface area, with 1,671 concessions affecting 3.7 million acres of protected areas, and most Indigenous lands having at least one mining project in their vicinity.

4.3.2 MEXICO AND EU DUE DILIGENCE REGULATION

As part of the case study, the research team engaged with multiple stakeholders in Mexico. Three interviews were conducted with a Mexican industry association, a CSO and a mining company. In addition, four surveys

were completed by two government authorities, a United Nations agency country representative, and the representative of an international extractive association.

Awareness

Overall, the Mexican stakeholder groups engaged for this report demonstrated a moderate level of awareness of EU due diligence regulation. Stakeholders interviewed demonstrated the greatest familiarity with the EU CSDDD, followed by a more limited understanding of the EU CMR and little to no awareness of the EUBR. Levels of awareness varied considerably across

stakeholder groups, with some participants showing a solid grasp of the EU due diligence framework and others indicating minimal knowledge.

While stakeholders appear to have some awareness of the EU CSDDD, their overall understanding and level of engagement with the legislation remain

limited. As one civil society representative observed, *“I think these instruments are not very well known, the level of knowledge is low... But we do know they exist and that they can be useful for people”*.¹⁴⁶ Most awareness of the EU CSDDD appears to stem from indirect sources such as media coverage and interactions with

EU officials or CSOs. Overall, interviews indicated that stakeholder knowledge of EU due diligence regulation is still at an early stage, underscoring the need for deeper, more systematic capacity building to support effective implementation.

Opportunities and risks arising from EU regulation

Despite expressing mixed views on the implementation of EU due diligence regulation, stakeholders shared an overall hopeful and forward-looking outlook, viewing the legislation as a potential catalyst for improved outcomes. Rather than perceiving the regulations solely as compliance obligations, many saw them as opportunities to modernise (responsible) business practices, raise operational and ethical standards, and foster a culture of transparency and accountability across industries. Stakeholders highlighted a range of opportunities that could arise from the implementation of EU due diligence regulation.

Opportunities:

- **Establishment of a clear and mandatory framework for responsible business conduct:** Stakeholders emphasised that the EU CSDDD represents a significant step forward in establishing a clear, mandatory framework for responsible business conduct. They view the legislation as providing much-needed legal certainty and structure to guide companies in systematically addressing human rights, including labour rights, and environmental risks throughout their operations and supply chains. A stakeholder highlighted that *“It’s a way to encourage companies, even those not directly affected, to work on preventing their impacts, avoiding human rights violations, and applying best environmental practices”*.¹⁴⁷ Stakeholders expected the introduction of binding obligations to move corporate responsibility beyond voluntary commitments, creating a consistent baseline for accountability across industries and jurisdictions. As one industry stakeholder noted, “[EU due diligence regulation] is significantly shifting
- corporate responsibility for companies because now it's no longer a matter of whether you want to comply or not – you will be obliged [to comply].”¹⁴⁸ By setting out clear expectations for due diligence, the EU CSDDD helps reduce ambiguity and fragmented approaches. This consistency is particularly valued by multinational firms operating across multiple regulatory environments, as it reportedly helps harmonise standards and reduces confusion about compliance requirements. EU due diligence regulation is seen by stakeholders as a potential instrument to align and integrate various regulatory and voluntary human rights and environmental due diligence expectations. Stakeholders also highlighted that a unified framework could encourage greater comparability and transparency in corporate reporting, helping to distinguish genuinely responsible companies from those engaging in superficial or symbolic compliance.
- **Empowerment of rightsholders and strengthened dialogue among stakeholders:** Stakeholders underscored that the implementation of EU due diligence regulation, particularly the EU CSDDD, has the potential to transform the way companies interact with rightsholders and other key actors along the supply chain. Stakeholders consistently emphasised that one of the most significant opportunities arising from the implementation of the EU due diligence regulation lies in the empowerment of rightsholders. Stakeholders acknowledged that EU due diligence regulation, especially the EU CSDDD, requires companies not only to assess risks but also to meaningfully engage with those directly impacted by their operations, leading to a

more participatory approach to HREDD. Such potentially increased participation is expected to lead to more inclusive decision-making and improved outcomes, allowing rightsholders to influence how risks are managed. Stakeholders also noted that the EU CSDDD's focus on consultation and engagement could help shift corporate culture toward greater respect for human rights defenders and lead to more constructive relationships and dialogue. Such engagement is seen as essential for building mutual trust.

- **Pressure to strengthen due diligence systems and law enforcement:** Stakeholders highlighted that EU due diligence regulation can exert constructive pressure on both companies and public authorities to reinforce their due diligence systems and enforcement mechanisms. The binding nature of the legislation compels companies to go beyond voluntary commitments, ensuring that responsible business conduct becomes a measurable and enforceable expectation rather than an optional aspiration. At the same time, the regulations are expected to stimulate stronger governance and oversight at the national level. For governments, aligning with EU due diligence expectations is expected to improve enforcement of existing laws and potentially lead to the introduction of complementary domestic measures to close legal or institutional gaps. In this sense, the EU framework not only drives accountability within the private sector but also supports broader State efforts to uphold international human rights and environmental standards. Stakeholders regarded EU regulation's potential dual impact as a valuable opportunity to reform both business practices and regulatory frameworks.
- **EU regulation as leverage in national policymaking debates:** Civil society actors viewed EU due diligence regulation as a powerful advocacy instrument to influence domestic policymaking, particularly in the context of ongoing reforms to Mexico's mining legislation. By referencing the EU CSDDD and related EU frameworks in national debates,

CSOs can increase pressure on policymakers to align domestic laws with international standards of responsible business conduct and human rights protection. This external reference point provides legitimacy and leverage for local actors seeking to promote greater accountability within the extractive sector. Stakeholders noted that referencing EU regulation in policy discussions helps highlight existing governance gaps, such as weak enforcement mechanisms or limited community participation. In this way, EU regulation serves not only as a compliance requirement for companies but also as a promoter of broader legal and institutional reform.

- **Strengthened corporate governance and investor confidence:** Industry stakeholders indicated that the implementation of EU due diligence regulation presents an opportunity to reinforce internal risk management, enhance accountability and strengthen their credibility with investors and business partners. Stakeholders noted that compliance with these regulations goes beyond fulfilling legal obligations; it enables long-term resilience and enhances a company's reputation as a reliable and responsible industry actor in global markets. As one industry actors emphasised, *"It can be seen as an opportunity, both from the reputation angle and, in the case of mining companies, for access to financing"*.¹⁴⁹ Meeting EU standards is increasingly seen as a prerequisite for securing investment and preserving relationships with European buyers and partners that prioritise sustainability and compliance. In this sense, the regulations not only level the playing field but also create a competitive advantage for companies that lead in responsible sourcing and disclosure.

Despite the generally positive perception of the legislation, stakeholders also noted potential unintended negative consequences of its implementation, particularly concerning the EU CSDDD.

Risks:

- **Risk of market exclusion and upstream value chain disruption:** The possible exclusion of SMEs raises

broader concerns about the fragmentation of supply chains and the deepening of inequality between companies in the Global North and South. Smaller Mexican suppliers risk losing access to export

markets if perceived as non-compliant, potentially resulting in financial instability and reduced access to European markets.

Preparedness

Preparedness to implement EU due diligence regulation among stakeholders engaged for this report appeared to be limited to the EU CSDDD, with no reported actions related to the other EU instruments. Most initiatives undertaken in connection with the EU CSDDD were led by international organisations. In particular, representatives from the United Nations (UN) are reported to have played a key role in promoting awareness and disseminating best practices on business and human rights in Mexico,

especially through the UN Global Compact and the (UN-OHCHR. The involvement of the UN has the potential to play a key role in shaping private sector awareness and engagement. This includes not only disseminating information about the content and expectations of EU due diligence regulation, but also sharing best practices and lessons learned from other regions with significant mining activity. Despite these isolated examples of preparatory efforts, overall preparations for EU due diligence implementation remain limited.

Challenges and needs to effectively respond and implement EU regulation

- **Risk of reporting fatigue and duplication of compliance requirements:** Industry actors also identified reporting fatigue as a significant risk. As one industry association representative noted, “[t]his will further add to the reporting burden for companies. Companies will have to produce more and more reports. Even though there are certain differences, the results often overlap”.¹⁵⁰ Many companies, particularly in the mining sector, already adhere to multiple voluntary standards such as the Towards Sustainable Mining (TSM) Initiative, the Copper Mark, IRMA, ICMM or the IFC Performance Standards. As one industry representative noted, companies already producing extensive sustainability and compliance reports may face a growing strain to keep up with multiple, sometimes overlapping, frameworks.¹⁵¹ Without alignment and streamlined reporting mechanisms, there is a risk that the spirit of the regulations, namely, to drive meaningful improvements, may be undermined by excessive procedural requirements.
- **Disproportionate burden on small and medium-sized enterprises (SMEs):** Across interviews and survey responses, SMEs emerged as one of the groups most at risk of being adversely affected by the EU CSDDD. As one stakeholder noted, “SMEs will be challenged because they might end up being shut out. In other words, the commercial relationship could break because they won’t be able to comply with the requirements of the regulation ...”¹⁵² The costs and complexity of compliance may exceed their financial and technical capacities, particularly when SMEs depend on larger buyers that must meet strict EU requirements. Stakeholders warned that SMEs could face commercial exclusion if they are unable to meet due diligence expectations, as downstream companies might opt to replace smaller suppliers rather than invest in their compliance. This dynamic could have significant social and economic repercussions, including job losses and market consolidation among larger, better-resourced firms.

Existing initiatives in Mexico related to the implementation of EU due diligence regulation or HREDD more broadly

Initiative	Purpose	Lead Organisation	Timeline	Target Audience	Approach and other Details
<u>Initiative for Responsible Mining Assurance (IRMA)</u>	To promote responsible mining practices in Indonesia through awareness raising on its standard and broader initiative, and supporting companies and other stakeholders in implementing human rights due diligence.	IRMA Secretariat, Canada and its Latin America Representative	N/A	mining companies, civil society and public authorities	IRMA is currently undertaking an effort to increase the number of companies applying the self assessment and the third-party assessment in Latin America.
<u>UN Regional Business and Human Rights Forum – Latin America and the Caribbean</u>	Largest gathering in Latin America for Business and Human Rights discussions.	UN OHCHR / UN Working Group on Business and Human Rights	Regional forum once a year, usually in the first semester	Industries, academic, government authorities, civil society	The forum and related working group could potentially be interested in establishing sessions around the European regulation for the 2026 regional forum.
<u>Conscious Mining: Alliance for Responsible Business Conduct – CAMIMEX</u>	The Cámara Minera de México- CAMIMEX- is responsible for assembling, coordinating, and representing the interests of Mining and Metals industries in Mexico before different governmental and non-governmental entities.	The Cámara Minera de México- CAMIMEX	N/A	Members of Caminex	The Initiative started at the beginning of 2025 and that includes a general approach to due diligence. It provides information, training, management and support services to foster a comprehensive development of the industry. Among its affiliate companies, it promotes the implementation of the best environmental, social, and governance practices to strengthen their performance. Caminex indicated that there is the intention to include specific training sessions directly related to the EU regulations.
<u>Mary Robinson Speakers Series</u>	The BHRRC is a global organisation working at the intersection of business and human rights. It seeks to 'put human rights at the heart of business'. It collects evidence on the human rights performance, practice and policy of more than 10,000 companies in more than 180 countries, including Mexico, and take up alleged with companies, inviting them to respond to specific allegations.	<u>Business and Human Rights Resource Centre</u>	Once a year	Industries, academic, government authorities, civil society, including from Mexico.	Each year the Mary Robinson Speaker Series spotlights emerging issues in the field of business and human rights. It looks to move forward the debate by bringing together people from business, investment, legislative and human rights communities, as well as voices speaking on behalf of those most impacted by egregious human rights abuse. International normative developments was the theme of the 2023 online event. The Center could be approached for a session in the EU regulations.

Initiative	Purpose	Lead Organisation	Timeline	Target Audience	Approach and other Details
<u>EITI</u>	By becoming a member of EITI, countries commit to disclose information along the extractive industry value chain – from how extraction rights are awarded, to how revenues make their way through government and how they benefit the public.	EITI, The Extractives Industry Transparency Initiative	N/A	Government authorities, extractive industries and civil society	Mexico was suspended from EITI in 2022 due to inadequate stakeholder engagement, lack of progress and for missing reporting deadline. EITI was one of the respondents to the survey and identified itself as a locus for initiatives favouring dissemination and implementation of EU due diligence regulations.
<u>PODER Latam</u>	As a regional, civil-society organisation, founded in 2010, PODER advocates for corporate transparency and accountability in LA countries and empowers civil society actors affected by corporate practices.	PODER, the Project on Organization, Development, Education and Research (PODER)	N/A	Civil society and academy	PODER creates and convenes spaces, at the local level, to empower civil society. Considering its broad civil society base and its familiarity with national and international norms and institutions it might be an interesting partner organisation to collaborate with on disseminating information regarding EU due diligence regulation.
<u>Business and Human Rights Accelerator 2026</u>	The Business & Human Rights Accelerator is a six-month programme activating companies participating in the UN Global Compact across industries and regions.	UN Global Compact Mexico (with Shift)	2026	Companies members of Global Compact Mexico	Its objective is to help businesses swiftly move from commitment to action on human rights and labour rights through establishing an ongoing human rights due diligence process. It is held in numerous countries, including Mexico.

4.4 ZAMBIA

4.4.1 ZAMBIA'S MINERAL SECTOR

Zambia's share in global mineral reserves and production

Mineral	Global Production Share	Global Reserves Share
Copper	9 th (3–4% global share) ¹⁵³	13 th (1–2%) ¹⁵⁴
Cobalt	14 th (<1%) ¹⁵⁵	n/a (negligible)
Graphite	emerging nickel producer in 2024–25 (0.2% – 0.6%) ¹⁵⁶	n/a (negligible)

Importance of Zambia's mineral production to EU markets and industries

Zambia currently supplies only 0.3% of the EU's refined copper imports (2024), with nickel, cobalt, and lithium exports remaining negligible.¹⁵⁷ However, **the country holds significant strategic potential for the EU's electric vehicle, renewable energy, and battery storage sectors, offering an opportunity to diversify supply chains away from higher-risk sources such as China for nickel and the DRC for copper.** Zambia's democratic governance, participation in the EU-SADC

Economic Partnership Agreement membership, and investment-friendly reforms have positioned it as a key partner for long-term critical raw materials sourcing. This strategic importance was formalised in October 2023 through an **EU-Zambia partnership roadmap**, focused on developing sustainable critical raw materials value chains through infrastructure investment, responsible business practices, and technical skills development.¹⁵⁸

Trends in mining & regulatory framework

Zambia is strategically positioning itself to capitalise on its mineral wealth¹⁵⁹ (particularly copper, cobalt and nickel) for the global energy transition, focusing on lithium-ion battery production for electric vehicles and renewable energy storage.¹⁶⁰ The government has set an **ambitious target to increase annual copper production from 800,000 tonnes (2021) to 3 million tonnes by 2031**,¹⁶¹ implementing policy reforms to attract foreign investment,¹⁶² including revising mining legislation, revoking underutilised exploration licenses, and conducting high-resolution geophysical mapping surveys. Major commitments from companies like

First Quantum Minerals (US\$1.25 billion investment) demonstrate growing investor confidence.¹⁶³

The government is also **progressively aligning regulations with international standards**, for example through its participation in the Cotonou/Samoa Agreements¹⁶⁴ and the 2023 EU-Zambia critical raw materials partnership.¹⁶⁵ Recent initiatives include formalising ASM,¹⁶⁶ establishing green finance frameworks,¹⁶⁷ and implementing Corporate Social Investment programs.¹⁶⁸ However, policy uncertainty, and the absence of cohesive ESG legislation remain challenges to sustained investment.¹⁶⁹

Voluntary Sustainability Standards Active in Zambia



Zambia's key salient issues

- **Environmental Pollution and Biodiversity Loss:** The concentration of mining activities near environmentally sensitive and protected areas exacerbates deforestation, pollution, and biodiversity loss,¹⁷⁰ while industrial waste and tailings contribute to land degradation and water contamination, directly affecting local communities.¹⁷¹
- **Occupational Health and Safety Violations:** Mining remains Zambia's most hazardous occupation with high rates of fatalities, injuries and occupational disease,¹⁷² including cases of neurological conditions linked to manganese dust exposure. Additionally, reports of poor ventilation,¹⁷³ inadequate protective equipment,¹⁷⁴ and excessive working hours (12–18 hour shifts),¹⁷⁵ particularly in Chinese-owned operations, characterise weak occupational health and safety conditions. The increase in Chinese ownership of mines has led to suppression of union activity through intimidation tactics such as pay deductions and the non-renewal of contracts for union representatives.¹⁷⁶
- **Community Rights Violations and Inadequate Consultation:** Mining activities have resulted in involuntary resettlement with inadequate or delayed compensation, exacerbated by limited transparency in the conversion of customary land to State land and an "information asymmetry" that disadvantages affected communities,¹⁷⁷ as demonstrated in major pollution-related cases involving Vedanta (2015)¹⁷⁸ and Anglo American (2023).¹⁷⁹

4.4.2 ZAMBIA AND EU DUE DILIGENCE REGULATION

As part of the Zambian case study, three interviews were conducted with a government body involved in natural resource governance, a leading global multi-stakeholder initiative on transparency in the extractives industry and an international partner institution involved in governance, trade and sustainable development initiatives in Zambia. In addition, data was

collected through seven survey questionnaires completed by industry actors, CSOs and public authorities. These inputs were collectively analysed to understand how Zambian stakeholders perceive EU due diligence regulation, including their levels of awareness and preparedness, perceived risks and opportunities, implementation challenges, and ongoing initiatives in the country.

Awareness

Overall, awareness of EU due diligence regulation among Zambian stakeholder groups consulted for this report appears to be uneven and generally moderate, with levels of awareness varying across the different stakeholder groups and between the regulations. While many of the stakeholders

interviewed and surveyed for this report are actively engaging with the EU CSDDD, there is significantly lower familiarity with the EUBR and the EU CMR.

Industry actors demonstrated the highest levels of awareness, primarily due to direct engagement with

the regulations and exposure at national conferences, government-led events and international forums. By comparison, only a few CSOs in Zambia appeared well-informed, having read and analysed the regulations in detail. The majority of CSOs remain at earlier stages of engagement, with awareness often based solely on information from conferences or secondary sources. In some cases, organisations had no familiarity with the regulations at all.

Engagement with different stakeholders revealed that awareness of EU due diligence regulation in Zambia is frequently influenced by company ownership structures and the markets they serve.

Although many mining companies in Zambia are still owned by Western companies, recent ownership moves indicate growing interest and investment from Asia (China and India) and the Middle East (United Arab Emirates). The sale in 2024 of a 51% stake of Mopani Copper Mines, previously owned by Glencore (Swiss) and First Quantum (Canadian) to International Resources Holding (IRH),¹⁸⁰ a company based in the United Arab Emirates in 2024, illustrates

the growing trend of ownership of key copper and other mineral operations in Zambia shifting towards companies from the Middle East and Asia. Companies listed in Western markets and operating in Zambia, particularly those with investors or operations tied to Europe, Canada or North America, are said to show greater readiness to engage. This reflects their more direct exposure to EU regulatory requirements and the scrutiny of shareholders, financiers and customers in those jurisdictions. By contrast, many of Zambia's mining operations owned by companies whose primary markets are in Asia and the Middle East appear to place less emphasis on EU due diligence regulation. As one representative from a Zambian CSO said: *"The majority of mining companies in Zambia are Chinese owned [and] are not very compliant with the EU due diligence regulations. They don't ... seem to have [a lot of] motivation to comply."*¹⁸¹ Taken together, this results in a three-tier landscape in which Western-linked firms tend to be more responsive to EU requirements, non-Western investors are slower to adapt, and local operators face challenges in engaging at all.

Opportunities and risks arising from EU regulation

Opportunities:

The overall perception of EU due diligence regulation among the Zambian stakeholders engaged for this report is one of cautious optimism. Industry actors, civil society and public authorities alike pointed to the fact that EU due diligence regulation has the potential to significantly strengthen the protection of human rights and the environment in Zambia's mining sector.

- **Stakeholders noted that, by establishing a clear and mandatory framework, these regulations move beyond voluntary commitments and create enforceable accountability mechanisms.** As one CSO emphasised: *"If you don't have international pressure, then things will just continue the way they are... these standards bring some level of accountability."*¹⁸² Stakeholders emphasised that such

frameworks could help align company practices with international standards on labour rights, environmental protection and responsible supply chains. As interviewees noted, one of the key challenges in Zambia is that existing national policies are often under-resourced or unevenly enforced. EU due diligence regulation therefore adds value by reinforcing these domestic frameworks and offering leverage for local actors to push for stronger protections.

- **Stakeholders further highlighted that aligning with EU due diligence regulation could enhance Zambia's credibility as a responsible mineral producer and secure continued access to European markets.** Zambian national authorities noted that *"For Zambia, being able to show that our minerals meet these standards makes us more attractive. It*

*shows we are serious about governance and that can bring in better investment.*¹⁸³ By complying with EU due diligence regulation, Zambian mining companies can demonstrate that their operations meet international standards on human rights and environmental protection. This not only reduces reputational risks but also positions Zambia more competitively against jurisdictions with weaker governance. As one interviewee observed, international regulations bring “*some level of accountability*”¹⁸⁴ that helps raise standards and build trust with global buyers. In the long term, this credibility can translate into a competitive advantage as companies that are proactive in adopting due diligence practices are more likely to attract investment and secure stable contracts with European customers.

- **Stakeholders also highlighted that EU due diligence regulation not only strengthens oversight of company practices but also creates new opportunities for rightsholders, including workers and affected communities, to play a more active role in shaping outcomes.** By requiring disclosure, reporting and engagement, these regulations (particularly the EU CSDDD) set out clearer expectations for dialogue between companies, governments and civil society. As one interviewee explained, “*When you make it mandatory, then communities can actually demand answers, because companies are required to disclose and respond.*”¹⁸⁵ Importantly, they can also foster more open dialogue between governments, companies and civil society by setting shared expectations and requiring transparent reporting. This shifts participation from an ad hoc or goodwill-based practice to being embedded within formal processes of rightsholder engagement in due diligence processes, such as in risk assessments and the design of mitigative measures.

Risks:

While EU due diligence regulation presents important opportunities to strengthen governance and sustainability in Zambia’s mining sector, stakeholders also cautioned that their implementation may also give rise to certain risks.

- **One of the risks highlighted by interviewees is that compliance with EU regulation may entail significant costs, administrative burdens and complex traceability systems, creating a risk that companies unable to meet these expectations could lose offtake agreements with EU buyers.** Asian and Middle-Eastern mining companies face far fewer regulatory hurdles, allowing them to operate with greater flexibility and at a lower cost. This asymmetry reduces incentives for Zambia-based companies to align with EU requirements and reinforces the pull of Chinese and other non-EU markets, where due diligence obligations remain less stringent. As one civil society representative cautioned, “*Zambian companies are still finding their feet on how to respond to traceability questions, and might take the ‘easy way out’, deciding to sell to less demanding... actors, who simultaneously might be able to pay higher prices.*”¹⁸⁶ According to public authorities, this imbalance has already shaped the investment landscape, with one official noting that “*Chinese investments... provide quick wins for African nations needing immediate development*”. As a result, stakeholders fear that, although EU regulations are designed to strengthen governance and sustainability, they may inadvertently disadvantage local producers and weaken the EU’s influence as a trading partner.
- **Stakeholders also stressed that an excessive focus on traceability and certification risks narrowing the scope of due diligence and undermining its broader objectives. While chain-of-custody systems and certification schemes are important tools, interviewees stressed that they are not a substitute for addressing deeper governance challenges, ensuring meaningful stakeholder engagement** or protecting human rights as such. If companies treat due diligence as simply demonstrating that minerals are traceable, they may overlook the need to engage with affected communities, strengthen grievance mechanisms and address human rights or environmental harms in practice. As one civil society representative observed,

*“certification tells you where the mineral came from, but it doesn’t tell you how people or the environment were treated in the process”.*¹⁸⁷ This risk points to the importance of balancing technical requirements such as traceability with substantive measures that reinforce accountability and participation across the supply chain.

- **Another risk highlighted was that perceived misalignment between EU due diligence regulation and Zambia’s own priorities and national strategies could create friction, limiting the effectiveness of these regulations in the local context.** While Zambia has clear development goals centred on value addition, job creation and beneficiation, EU regulations are often perceived as externally imposed requirements that do not always reflect these objectives. This perception can reduce local buy-in and weaken incentives for companies and authorities to engage with the regulations in depth. As one Zambian mining authority remarked, *“When you are taking up these [EU due diligence] regulations, these due diligence issues, are they really in line with the values and norms of that country you’re producing them for? ... And that’s where the problem*

*comes in.”*¹⁸⁸ Without closer alignment to Zambia’s policy priorities and development agenda, there is a risk that EU regulations will be treated more as compliance obligations than as tools to drive positive change on human rights and environmental protection.

- **Finally, the financial and administrative burden of compliance with EU due diligence regulation is likely to fall disproportionately on smaller or weaker actors in Zambia’s mining sector.** Larger, Western-listed companies often have dedicated compliance teams, access to international expertise and the financial capacity to absorb additional reporting requirements. By contrast, smaller firms, local operators and ASM frequently lack the resources, systems and technical knowledge to meet complex traceability and disclosure obligations. As one civil society representative noted, *“The big companies can hire consultants and report, but the smaller ones will struggle even to understand what is required.”*¹⁸⁹ This imbalance risks widening existing inequalities in the sector, marginalising local players and creating barriers to market access for those least able to shoulder the costs of compliance.

Preparedness

The vast majority of Zambian stakeholders engaged for this report appear to have taken only limited initial steps to prepare for the implementation of EU due diligence regulation. While stakeholders recognise the importance of these frameworks, the actions undertaken so far by both public authorities and civil society have largely been reactive, responding to EU partner queries, participating in donor-driven projects or attending international events, rather than proactively developing a coordinated strategy to prepare for and implement the regulations.

Overall preparedness remains low, with most stakeholders reporting a lack of technical expertise, financial and human resources, and regulatory clarity needed to respond effectively. Without targeted

technical assistance, harmonisation of standards and more deliberate engagement of industry and government institutions, interviewees warned that Zambia risks being left behind in the transition toward stricter international due diligence requirements.

Public authorities reported having taken only limited initial steps to prepare for the implementation of EU due diligence regulation, with some actions driven by concerns that EU companies may disengage from Zambia if local producers fail to meet compliance requirements. Their role so far has been less about leading a coordinated national approach and more about convening stakeholder groups and reactively engaging with existing initiatives organised by third parties. This has included relaying due diligence

information requests from EU buyers to local mining companies and exporters, convening occasional donor-supported workshops to bring companies, civil society and international partners together, and aligning of domestic and EU reporting requirements (mostly linked to EU CSRD) through collaboration between the EU Delegation to Zambia and the Zambian Green Finance Mainstreaming Working Group.¹⁹⁰

Likewise, CSO in Zambia do not appear to be well prepared to support the implementation of EU due diligence regulation. Their role to date has been largely confined to participating in donor-led workshops,

attending conferences and contributing to high-level dialogues, with few concrete steps taken to build systematic monitoring, grievance or advocacy mechanisms. Stakeholders acknowledged that mandates have not yet been adapted to prepare for civil society's role in EU requirements and that resources for training, technical expertise and long-term programming are limited. As one civil society representative put it, *"We don't have the capacity yet to follow companies against these new requirements, we only engage when invited to a workshop or meeting."*¹⁹¹

Challenges and needs to effectively respond and implement EU regulation

Overall, stakeholders in Zambia engaged for this report recognised the importance of EU due diligence regulation but emphasised the significant gaps in technical, institutional and financial capacity that hinder effective preparation. The most common challenges raised across industry actors, public authorities, and civil society include:

- **Limited institutional capacity for enforcement and support:** Stakeholders repeatedly highlighted that even where Zambia has policies on environmental protection, human rights or mineral governance, enforcement remains weak due to chronic under-resourcing and institutional gaps. Regulatory bodies often lack the staff, technical expertise and financial means to monitor compliance or assist companies in meeting EU due diligence requirements. As one stakeholder explained, *"The policies are there, but the implementation is the problem. We have good policies, but they are not resourced, so enforcement is weak"*.¹⁹² These limitations also make it difficult to embed responsible business conduct into regulatory systems or assist in the advancement of EU due diligence expectations in the sector. Without stronger institutional capacity, Zambia will struggle to comply with the growing number of international due diligence regulations, leaving both authorities and companies exposed to the risk of exclusion from regulated markets.

- **Fragmented and overlapping HREDD landscape:** Stakeholders engaged for this report have the perception that EU due diligence regulation may add to an already fragmented and sometimes confusing landscape of international and voluntary standards. They noted that many companies in Zambia are already expected by their customers to report against multiple frameworks, including internationally recognised due diligence frameworks, such as the OECD MNE Guidelines, as well as voluntary standards such as the IFC Performance Standards and the EITI requirements, which often differ in terminology, methodology and scope. Stakeholders cautioned that without clearer alignment, EU rules could become an additional layer of obligations rather than simplifying or harmonising existing approaches. As one civil society representative explained, *"there are so many frameworks, OECD, IFC, EITI, and now EU on top. Companies don't always know which one takes priority or how they link together"*. This overlap risks creating compliance fatigue among companies and uncertainty for regulators, potentially diluting the effectiveness of due diligence by turning it into a box-ticking exercise rather than a meaningful driver of better practices.

- **Potential loss of revenue from increasing illegal exports:** Strict compliance with EU due diligence regulation requires **Zambian companies to meet higher reporting standards, bear additional administrative costs and operate under tighter oversight.** While this strengthens accountability, it can also widen the gap between formal, compliant operators and those engaged in informal or illegal trade. While companies that comply with EU requirements are subject to higher reporting and regulatory costs, a parallel trade in illegal mineral

exports bypasses national taxation and oversight altogether. Zambia's strict adherence to EU due diligence regulation may therefore inadvertently increase illegal exports, resulting in revenue losses for the country. As one interviewee noted, *"Minerals are leaving without being accounted for... when they go out illegally, there's no tax, no monitoring, nothing that comes back to Zambia"*.¹⁹³ In this context, aligning with EU regulations risks unintentionally penalising compliant operators, while unregulated exports continue to drain value from the sector.

EXISTING INITIATIVES IN ZAMBIA RELATED TO THE IMPLEMENTATION OF EU DUE DILIGENCE REGULATION OR HREDD MORE BROADLY

Initiative	Purpose	Lead Organisation	Timeline	Target Audience	Approach and other Details
<u>Zambia International Mining & Energy Conference (ZIMEC)</u>	Zambia's premier annual event dedicated to the mining and energy sectors. The conference provides a platform for public-private dialogue on regulatory frameworks, sustainability and technological innovation.	AME Trade Ltd with the support of the Ministry of Mines and Mineral Development, Ministry of Energy, Zambia, and Association of Zambian Mineral Exploration Companies (AZMEC).	Annual	Government officials, industry leaders, investors, and technical experts	ZIMEC has increasingly become a key dialogue platform on issues such as responsible sourcing, ESG standards, and alignment with international due diligence frameworks.
<u>Deforestation-Free Regulation (EUDR) Awareness Raising event for the Public and Private Sector in Zambia</u>	To unpack what the EUDR means for Zambia and how businesses or institutions can proactively prepare.	Sustainable Agriculture for Forest Ecosystems (SAFE), a project implemented by the GIZ Helpdesk Business and Human Rights implemented by DEG Southern African, the German Chamber of Commerce and Industry (AHK) Agency for Business and Economic Development (AWE)	One-off event in September 2025	Government, private sector, and development partners	To discuss the implications of the EUDR for Zambia. The event is relevant as it shows some progress towards EU due diligence regulation awareness. Participants heard insights from the EU Delegation to Zambia and experts on the EUDR, and heard from companies that already working towards compliance.
<u>The Partnership Dialogue</u>	Annual high-level bilateral dialogue between the EU (via EEAS / EU Delegation) and the Zambian Government	Delegation of the EU to Zambia and COMESA	Annual	Ministers (Foreign Affairs, Environment, Trade, etc.), EU Ambassador, Heads of Mission of EU states, civil society and private sector observers	Broad strategic dialogue covering governance, climate, sustainable development, trade and investment. The dialogue provides a forum for raising due diligence, ESG and regulatory standards in bilateral cooperation.

Initiative	Purpose	Lead Organisation	Timeline	Target Audience	Approach and other Details
<u>COMESA – EU Strategic Dialogue</u>	Annual high-level bilateral dialogue between the EU (via EEAS / EU Delegation) and the Zambian Government	Delegation of the EU to Zambia and COMESA	Annual	Ministers (Foreign Affairs, Environment, Trade, etc.), EU Ambassador, Heads of Mission of EU states, civil society and private sector observers	Broad strategic dialogue covering governance, climate, sustainable development, trade and investment. The dialogue provides a forum for raising due diligence, ESG and regulatory standards in bilateral cooperation.
<u>COMESA – EU Strategic Dialogue</u>	Regional / sub-regional dialogue involving COMESA (with Zambia as a member) and the EU	Delegation of the EU to Zambia and COMESA	One-off event in August 2024	COMESA Secretariat, EU Delegation, national representatives	Dealt with institutional alignment, projects, and new cooperation areas (e.g. circular economy). Such dialogues can raise cross-border issues, standards and support regulatory harmonisation that affect supply chains and due diligence regimes.
Mineral Value Chain Monitoring System	To improve statistical integrity and traceability of mineral flows.	MMSD, Mexican public sector initiative	Ongoing (concept stage)	Regulators, mining companies, exporters	Aims to address double-counting, strengthen monitoring, and align data with EU due diligence requirements.
<u>OECD Engagement with Zambia</u>	To improve transparency, accountability and anti-corruption in mining governance.	OECD	Ongoing	Regulators, CSOs	Focus on governance, financial reporting, and compliance with international standards. This engagement is indirectly linked to EU due diligence.

ANNEX I: OVERVIEW OF EU DUE DILIGENCE REGULATIONS

This Annex I provides an overview of the three EU due diligence regulations in scope of this study:

- the EU Conflict Minerals Regulation (2017/821) (CMR);
- the EU Batteries Regulation (2023/1542) (EUBR);
- the EU Corporate Sustainability Due Diligence Directive (Directive 2024/1760) (CSDDD).

At their core, all three due diligence regulations (will) require companies to establish and operate due diligence management systems to identify and address risks linked to their operations and/or business relationships, applying a risk-based approach. However, the regulations differ in several key respects such as their material and personal scope, the types of risks they emphasise and its due diligence requirements foci. This annex outlines, for each of the three regulations:

- Material scope: Which minerals fall within the scope of the regulation
- Implementation timeline: When the regulations (have) come into effect and their implementation timeline;
- Personal Scope: Who the regulations directly apply to, which mineral supply chain actors (and tiers) are subject to EU due diligence regulation and which are indirectly affected;
- Due diligence focus: What specific due diligence requirements the regulations set out and to what extent they are aligned with the UNGPs;

However, two of the three regulations, the EU CSDDD and EUBR have been subject to significant amendments over the past months.

- In February 2025, the European Commission published its *Omnibus I proposal COM(2025)81*,¹⁹⁴ aimed at reducing the compliance burden for EU-based companies. The proposal includes several amendments pertaining to due diligence and reporting requirements under the EU CSDDD, the CSRD, the Taxonomy Regulation and the Carbon Border Adjustment Mechanism (CBAM).

Later that same year, in May 2025, the European Commission published an additional two proposals affecting the both the timeline (*Omnibus Proposal IV COM(2025)258*¹⁹⁵) and the scope (*Proposal COM(2025)501*¹⁹⁶) with regards to the extension of mitigation measures for SMEs) of the **EUBR** concerning batteries and waste batteries. While the Omnibus proposals are intended to simplify EU due diligence regulation, European CSOs¹⁹⁷ have urged the Commission to ensure that this simplification does not weaken existing EU due diligence requirements. It is important to note that the Omnibus proposals are subject to political debate, with detailed and substantive Omnibus amendments still under trilogue negotiations between the European Commission, European Parliament and the Council of the EU. A final agreement is expected by the beginning of 2026.

The tables incorporate a section of the proposed Omnibus related changes.

EU CONFLICT MINERALS REGULATION (2017/821) (EU CMR)

Material Scope: Processed tin, tantalum, tungsten and gold (3TG)

Implementation timeline: In effect since 1 January 2021

Personal scope	Due Diligence focus and requirements	Proposed Omnibus related changes
The Regulation applies directly to EU-based importers of raw or processed tin, tantalum, tungsten and gold (3TG) of all sizes, whether in the form of mineral ores, concentrates or processed metals, above a certain volume threshold as set out in Annex I of the regulation. The Regulation indirectly impacts many more (non-) EU businesses, including upstream businesses such as miners, smelters and refiners, traders, and component manufacturers.	The Regulation aims to ensure that the sourcing of 3TG does not contribute to armed conflict or human rights abuses in conflict-affected and high-risk areas (CAHRAs). Importers regulated under the EU CMR are required to conduct mineral supply chain due diligence following the five-step framework as laid out in the OECD sector-specific Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Minerals Guidance). The framework includes, amongst others, the establishment and implementation of a risk management system, verification of origin of the minerals and metals potentially originating from conflict-affected and high-risk areas, and disclosure of risk information to suppliers and the public. Importers are required to conduct an independent third-party audit of their supply chain due diligence and report publicly on their findings.	Not incorporated in the Omnibus process

EU BATTERIES REGULATION (2023/1542) (EUBR)

Material Scope: Cobalt, lithium, nickel and natural graphite

Initial Implementation timeline	Proposed Omnibus related changes
EUBR became applicable from 18 February 2024 onwards. Its various obligations are gradually phased in between August 2025 and 2031, with the due diligence requirements coming into effect in August 2025 .	As many of the EU member states did not manage to appoint national Notifying Authorities for monitoring of the regulation's implementation yet by May 2025, the Commission recommend postponing the EUBR's application date by two years, shifting it from August 2025 to August 2027 . Additionally, it delayed the publication of the EU BR Guidelines to July 2026 , to enable its alignment with the (delayed) adoption of the CSDDD Guidelines.
Initial Personal scope	Proposed Omnibus related changes
The Regulation directly applies to economic operators placing batteries on the EU market, regardless of where the batteries are produced. It covers both battery manufacturing and battery importing companies. The regulation only applies to companies with a net annual turnover of €40mn or more . Companies involved in the supply chains of certain raw materials and secondary raw materials used for battery manufacturing—such as mining companies, refiners and mineral or commodity traders—are indirectly subject to due diligence obligations when supplying materials for batteries sold in the EU. These suppliers are expected to pass requirements down their own supply chains. These obligations apply regardless of the actor's geographical location, inside or outside the EU.	Through the COM(2025)501 proposal, the Commission proposes to stretch the exemptions for SME's (set at an annual turnover of €40mn or more) to comply with certain obligations on battery due diligence policies, to a new category of companies called 'small mid-cap' (SMCs) with a yearly net turnover below €150 million .
Initial Due Diligence focus and requirements	Proposed Omnibus related changes
EUBR's obligations aim to prevent adverse environmental and human rights impacts in battery mineral supply chains. Its requirements can be divided into two main categories : due diligence requirements and other regulatory requirements, such as carbon footprint disclosure and recycled content declarations. The due diligence requirements specify how companies in scope must establish and operate a due diligence management system to identify and address risks in their mineral supply chains, in line with global normative due diligence frameworks such as the UNGPs and the six-step due diligence framework as laid out in the OECD RBC Guidance. This due diligence management system should include a system of controls and transparency over the supply chain, identifying the upstream supply chain actors (beyond Tier-1). The Regulation includes additional, specific due diligence requirements around the need for independent third-party checks which go beyond the scope of due diligence as defined by global norms. However, the Regulation does expect companies to provide a minimum disclosure of significant adverse impacts, how they had been addressed and a summary report of the third-party verifications conducted, including the name of the notified body.	No proposed changes.

EU CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (DIRECTIVE 2024/1760) (CSDDD)

Material Scope: EU CSDDD is a cross-sectoral (and mineral-agnostic) directive that applies to all sectors and supply chains, without limiting its scope to specific industries or commodities.

Initial Implementation timeline	Proposed Omnibus related changes
CSDDD came into effect on 25 July 2024. Following its entry into force, the EU CSDDD becomes applicable in phases, beginning with the transposition of the EU CSDDD into national law by Member States over a two-year period (2024–2026). Enforcement will be phased in based on company size and turnover between July 2027 and 2029.	Postponement of implementation: The ‘Stop-the-Clock Directive’, which entered into force in April 2025, postponed: - the transposition deadline (for Member States to transpose the EU regulations into national law) by one year, to July 2027 (rather than July 2026); and - the application date for the first group of companies also by one year, to July 2028 (rather than July 2027).
Initial Personal scope	Proposed Omnibus related changes
With respect to the minerals sector, the EU CSDDD applies to: - Large EU-based companies (or their ultimate parent companies) involved in any part of the mineral value chain (such as mining, trading, refining or manufacturing) with more than 1,000 employees and a net worldwide turnover over exceeding €450 million; and - Non-EU (third-country) companies with significant EU operations, generating a turnover of €450 million or more within the EU.	The European Commission did not propose any changes to the personal scope of the CSDDD. However, the Council and European Parliament position is to increase the threshold to 5000 employees and 1.5 billion net turn over .
Initial Due Diligence focus and requirements (1/2)	Proposed Omnibus related changes (1/2)
EUBR's obligations aim to prevent adverse environmental and human rights impacts in battery mineral supply chains. Its requirements can be divided into two main categories: 1) Due diligence requirements and 2) other regulatory requirements, including carbon footprint disclosure and recycled content declarations (not incorporated here). The due diligence requirements specify how companies in scope must establish and operate a due diligence management system to identify and address risks throughout their mineral supply chains, in line with global normative due diligence frameworks such as the UNGPs and the six-step due diligence framework as laid out in the OECD RBC Guidance, which e.g., means through stakeholder engagement. This due diligence management system should include a system of controls and transparency over the supply chain, identifying the upstream supply chain actors (beyond Tier-1).	Limiting due diligence to direct business partners (art. 4.4): The Omnibus proposal departs from the original EU CSDDD requirements for due diligence across the entire supply chain, instead limiting requirements to direct (Tier-1) business partners only. This change significantly reduces the responsibilities for companies with complex upstream supply chains. Limitation of stakeholder engagement (art. 4.4 and 4.7): The definition of ‘stakeholder’ is narrowed to include only directly impacted rightsholders, thereby reducing the ability of CSOs to represent rightsholders’ interests. Additionally, the proposal reduces the due diligence stages in which stakeholder engagement is required (e.g., engagement is no longer required in cases involving the suspension of a business relationship). Weakening the obligation of responsible disengagement (art 4.4 and 4.6): The obligation for companies to responsibly terminate business relationship only as a last resort has been removed. Civil society groups argue this could undermine enforcement pressure for corrective action.

Initial Due Diligence focus and requirements (2/2)

The Regulation includes additional, specific due diligence requirements around the need for independent third-party checks which go beyond the scope of due diligence as defined by global norms. However, the Regulation does expect companies to provide a minimum disclosure of significant adverse impacts, how they had been addressed and a summary report of the third-party verifications conducted, including the name of the notified body.

Proposed Omnibus related changes (2/2)

- **SME relief** (art. 4.4): Acknowledging the 'trickle-down' compliance burden on SMEs, the Omnibus proposal limits information requests to direct suppliers with more than 500 employees, in alignment with the EU CSRD's voluntary sustainability reporting standards (VSME standard).
- **Weakening civil liability** (art. 4.12): While the requirements for access to remedy for affected rightsholders remain, the Omnibus proposal removes the specific EU-wide civil liability regime. Companies will instead be subject to member-state legislation, potentially resulting in less uniform enforcement and inconsistent access to civil remedies across the EU.
- **Periodic assessment** (art. 4.8): The required interval for companies to assess the adequacy and effectiveness of their due diligence measures is extended from annually to five years.

ANNEX II: OVERVIEW OF INTERVIEWEES

INTERVIEWS

Brazil:

- Head of the human rights and business working group, Brazilian Public Prosecutors' Office, conducted on 27.06.2025.
- Director of an investigative journalism centre and think tank focused on the extractive sector, conducted on 09.07.2025.
- Senior Advisor, prominent human rights Latin-American NGO, conducted on 10.07.2025.

Indonesia:

- Members of the general secretary of an Indonesian trade union active in mineral extraction, conducted on 05.06.2025.
- Senior Sustainability Manager at a multinational nickel mining and metallurgy company, conducted on 25.06.2025.
- Executive Director at a high-level public national advisory body in Indonesia, conducted on 26.06.2025.
- Senior Strategist at an environmental CSO in Indonesia, conducted on 11.07.2025.

Mexico:

- ESG team of a major multinational mining company, conducted on 09.07.2025.
- Sustainability Manager at a key Mexican industry association, conducted on 24.07.2025.
- Senior Manager at a Mexican CSO, conducted on 24.07.2025.

Zambia:

- National Coordinator at a leading global multi-stakeholder initiative on transparency in the extractives industry, conducted on 01.06.2025.
- Senior Advisors at the Delegation of the EU to the Republic of Zambia and COMESA, conducted on 03.07.2025.
- Senior Economic Planner for a government body involved in natural resource governance, conducted on 29.08.2025.

International:

- Head of Policy Influencing at the Dutch branch of an international CSO focused on promoting sustainable supply chains, conducted on 06.05.2025.
- Responsible Sourcing Manager (ESG) at a leading EU-based material and metal refinery, conducted on 07.05 2025.
- Programme Manager Indonesia at a Dutch international trade union, conducted on 15.05.2025.
- Associate Director at a prominent global advocacy CSO on human rights, conducted on 27.05 2025.
- Strategic Policy Advisor at a Dutch international trade union, conducted on 27.05.2025.
- Former Head of Sustainability at a large European steel manufacturer, conducted on 17.09.2025.

ENDNOTES

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- 4 Interview conducted with a representative from civil society on 1 July 2025.
- 5 Interview conducted with large mining industry actor in Brazil in May 2025.
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