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Strengthening Sustainable Trade for Clean Energy

ESG risks and opportunities for Chinese mining investments in Peru

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Acronyms and abbreviations

AI	Artificial intelligence
A-shares	Stocks of Chinese companies traded on mainland exchanges in Chinese yuan
CAHRAs	Conflict-Affected and High-Risk Areas
CCCMC	China Chamber of Commerce of Metals, Minerals and Chemicals
COP	Conference of the Parties
COVID-19	Coronavirus Disease 2019
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
ECLAC	Economic Commission for Latin America and the Caribbean
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
ESG	Environmental, Social, and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
FTA	Free Trade Agreement
FPIC	Free, Prior and Informed Consent
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
H-shares	Stocks of Chinese companies traded on the Hong Kong Stock Exchange in Hong Kong dollars
ICMM	International Council on Mining and Metals
IEA	International Energy Agency
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIDS	Instituto de Defensa Legal – Derecho y Sociedad
ILO	International Labour Organisation
INEI	Instituto Nacional de Estadística e Informática
IOSCO	International Organisation of Securities Commissions
IPE	Instituto Peruano de Economía (Peruvian Economics Institute)
IPLC	Indigenous Peoples and Local Communities

IRMA	Initiative for Responsible Mining Assurance
ISO	International Organisation for Standardisation
ISSB	International Sustainability Standards Board
MINEM	Ministry of Energy and Mining
MMG	China Minmetals
MTPE	Ministry of Labor and Employment Promotion
NBIM	Norges Bank Investment Management
OECD	Organisation for Economic Co-operation and Development
OEFA	Organismo de Evaluación y Fiscalización Ambiental (Environmental Assessment and Oversight Agency)
RGMPs	Responsible Gold Mining Principles
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
SEIA	Sistema de Evaluación de Impacto Ambiental (Environmental Impact Assessment System)
SENACE	Servicio Nacional de Certificación Ambiental para las Inversiones sostenibles (National Environmental Certification Service for Sustainable Investments)
SNMPE	Sociedad Nacional de Minería, Petróleo y Energía (National Society of Mining, Oil, and Energy)
SOE	State-Owned Enterprise
UNDP	United Nations Development Programme
USD	United States Dollars

Executive Summary

This report examines the environmental, social, and governance (ESG) dimensions of Chinese companies in Peru's mining sector through the lens of responsible investment and sustainable trade for clean energy. It situates Peru within a rapidly transforming global political economy, where the accelerated energy transition is driving intense demand for critical minerals such as copper, lithium, and rare earth elements. With over 10% of global copper reserves and significant endowments of gold, silver, zinc, and tin, Peru has become a strategic supplier in global mineral markets. China, which dominates global refining capacity and relies on secure upstream mineral supply, is Peru's leading trade partner and one of its most influential mining investors.

Despite the centrality of mining to Peru's economy, the expansion of large-scale mining has been accompanied by persistent socio-environmental conflict. As of late 2025, 61 out of 204 of Peru's registered social conflicts were linked to mining activity, with grievances centring on land acquisition, environmental degradation, water scarcity, dust and transport impacts, unmet social commitments, and inadequate consultation with Indigenous Peoples and Local Communities (IPLCs). These conflicts have produced significant financial, operational, and reputational risks for companies and their investors, as well as macroeconomic losses for the Peruvian state. In 2023, 23 out of 46 mining projects were delayed due to social conflict related reasons, representing approximately USD 30 billion or 55% of Peru's total mining investment portfolio.

Evolution and structure of Chinese mining investments

Chinese investment in Peru's mining sector has evolved in three broad phases since the 1990s, coinciding with Peru's liberalisation and privatisation reforms and China's outward investment strategy. Major state-owned enterprises—including Shougang, Chinalco, MMG (China Minmetals), Jiangxi Copper, and Zijin Mining—have acquired or developed large-scale mining projects such as Marcona, Toromocho, Las Bambas, El Galeno, and Río Blanco. While many of these firms are Chinese state-owned enterprises (SOEs), several are publicly listed and include Western institutional investors among their minority shareholders. This implies that the governance, social, and environmental performance of Chinese-controlled mines cannot be attributed solely to "China," but also engages the responsibilities of international shareholders and lenders.

Chinese mining investments have delivered infrastructure, fiscal revenues, and employment, and there is no evidence that Chinese firms perform systematically worse than their Peruvian or international peers in ESG terms. However, Chinese investors have frequently entered projects with unresolved grievances, and flawed environmental impact assessments, often with limited due diligence prior to acquisition. In several cases, such as Las Bambas, Río Blanco, and El Galeno, these structural weaknesses have translated into prolonged conflict, project delays, and major financial losses.

Mining benefits, conflicts, and financial risk

The mining sector contributes substantially to the Peruvian economy through job creation as well as corporate income tax, royalties, and special mining levies redistributed via the Mining Canon to regional and local governments. Nevertheless,

benefits are unevenly distributed, local institutional capacity is often weak, and social conflicts come at a high cost.

Case studies examined in this report illustrate the financial costs of unresolved environmental and social grievances. At Las Bambas alone, road blockades and protests have led to more than 600 days of stoppages since 2016, with implications for shareholders, creditors, and Peru's export revenues. Other projects, such as Río Blanco, remain stalled after nearly two decades due to community opposition linked to water security, biodiversity protection, and historical human rights violations.

The role of the state: governance gaps and contradictions

A core finding of the report is that Peru's legal and institutional framework may contribute structurally to socio-environmental conflicts. Although Peru has adopted important labour, environmental, and social protection measures since the 1990s, key contradictions persist. Mining concessions can be granted without prior consultation, as required under ILO Convention 169, because Peru's General Mining Law does not mandate consultation before concessions are awarded. Consultations typically occur later, during environmental impact assessments or project implementation, shifting conflict from prevention to prolonged negotiation about compensation rather than consent.

Recent policy decisions have further weakened environmental governance, including. modifications to the Environmental Impact Assessment System that reduce the authority of the Ministry of Environment's independent environmental oversight agency, which may fuel yet more conflict. Furthermore, poverty and inequality exacerbate conflicts, especially in mining areas. Rising poverty since the COVID-19 pandemic, particularly among rural and Indigenous populations, has contributed to the expansion of informal and illegal mining, often involving organised crime. This not only undermines environmental protection but also intensifies tensions between communities, the state, and formal mining operators.

International standards and emerging regulatory pressures

The report reviews international standards aimed at preventing or mitigating these risks, such as the IFC Performance Standards, OECD Guidelines for Multinational Enterprises, ICMM Mining Principles, and the Initiative for Responsible Mining Assurance (IRMA). Among these, IRMA stands out as the most comprehensive and community-centred standard, with independent third-party audits and public reporting. However, uptake remains voluntary, and no Chinese mining company operating in Peru had adopted the IRMA Standard as of early 2026.

Global regulatory trends are shifting the balance from voluntary to mandatory ESG disclosure and due diligence. The European Union has introduced binding regulations, including the Batteries Regulation, the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD), which will require large Chinese mining companies supplying EU markets to conduct robust value-chain due diligence and disclose social and environmental impacts worldwide. Parallel reforms in China, including mandatory sustainability disclosures for listed

companies from 2026 onward, signal a growing convergence toward international ESG norms.

Conclusions and pathways forward

The report concludes that many of the social conflicts associated with mining in Peru and resulting financial losses can be addressed and avoided. Strengthening environmental impact assessments and ensuring meaningful, early consultation with affected communities, such as included in the IRMA standards are not only ethically important but financially prudent.

Recommendations are directed at three groups:

Mining companies should adopt the IRMA standard for mining operations and invest in robust ESG standards beyond legal minimum requirements, strengthening their ability to comply with emerging EU and Chinese sustainability regulations, as well as their relationships with local communities.

Financial institutions should send strong signals to companies and regulators on the need to have high ESG performance. This may be done by employing active ownership strategies, incentivising adoption of IRMA standards to ensure adequate consultation with communities, and engaging with both companies and regulators to require high quality environmental governance including a robust environmental impact assessments system.

Peruvian policymakers should strengthen environmental governance measures that create conditions for Peru to remain a competitive investment destination not through deregulation but by enabling companies to successfully comply with the due requirements of the EU Battery Regulation, the Corpora Sustainability Reporting Directive, and the Corporate Sustainability Due Diligence Directive. This means ensuring that robust environmental impact assessments are carried out, and rights of Indigenous Peoples and Local Communities are respected, as per ILO Convention 169.

By addressing governance failures and aligning investment practices with emerging global norms, Peru can reduce conflict, regain investor confidence, and position itself as a credible and sustainable supplier of the minerals required for the global clean energy transition.

Contents

Tables and figures

1. Introduction

This report examines the environmental, social and governance factors influencing Chinese investments in the Peruvian mining sector from a responsible investment lens. It includes the evolution of Chinese investments, the drivers of persistent socio-environmental conflicts due to the violations of Indigenous Peoples and Local Communities (IPLC) rights, stakeholder incentives, and the governance factors that link community grievances to financial and operational risks for companies, investors, and the Peruvian state itself. It also outlines emerging global regulatory frameworks that are reshaping expectations for responsible mining conduct.

Peru stands at the centre of a rapidly shifting global landscape in which the demand for critical minerals is shaping geopolitical alliances, investment flows, and the expectations placed on companies operating in resource-rich jurisdictions. As countries accelerate their energy transition strategies, minerals such as copper, lithium, and rare earth elements have become indispensable inputs for renewable energy systems, electric mobility, and digital infrastructure, among other uses. International forecasts suggest that global demand for these minerals will increase sixfold by 2030 (International Energy Agency, 2024). Against this background, Peru's substantial reserves, including 10.2% of the world's copper and significant shares of gold, silver, zinc, lead, and tin (García-López et al., 2025), position the country as a strategic supplier of mineral commodities.

China, which dominates global refining capacity and relies on secure upstream supply for industrial and technological development, has become Peru's leading trade partner and one of its most influential mining investors. In this context, Chinese mining companies play a key role in the Chinese economy.

Yet the expansion of mining has unfolded in a context marked persistent social conflicts. As of late 2025, around one third of Peru's socio-environmental conflicts were linked to mining operations (See Appendix 1). Core grievances relate to land acquisition, water quality, dust emissions, transport routes, and unmet social commitments. This report argues that social conflicts not only erode community trust and harm local livelihoods but also create substantial financial, operational, and reputational risks for mining companies themselves and their shareholders and creditors, as well as the Peruvian state. The Chinese-operated Las Bambas mine alone has experienced more than 600 days of stoppages since 2016 (Reuters, 2024), with a loss of USD 511 million of the total value of exports only in the period between April 20 and June 15, 2022 (Acero Flores & Hidalgo Lazo, 2024).

Against this backdrop, the objective of this report is threefold. First, it examines the evolution of Chinese mining investment in Peru, including ownership structures, relationships with Western investors, and the operational realities of major projects. Second, it analyses the root causes of selected socio-environmental conflicts and the governance factors that link community grievances to financial and operational risks. Third, it provides an overview of international standards and their potential to provide a

more stable and predictable operating environment for companies, regulators, and investors, in Peru and elsewhere.

Ultimately, the objective of the report is to contribute to solutions to the conflicts that are often present in mining regions, with Peru as an illustrative case study. By highlighting the challenges that undermine trust and operational continuity and pathways toward stronger environmental and social governance, this report aims to support more sustainable and economically resilient mining practices that benefit both local communities, companies, investors, and governments in Peru and other natural resource-rich countries.

The report structured as follows:

- **Chapter 1** provides an introduction to the report.
- **Chapter 2** describes the surge in global demand for critical minerals, Peru's mineral endowments and exports data, and the evolution of Peru–China trade relations.
- **Chapter 3** discusses the role of Chinese mining companies in Peru, their ownership structures, and the social and environmental effects of mining in Peruvian communities.
- **Chapter 4** analyses social and environmental aspects of the Peruvian regulatory framework in the context of mining, including both achievements and challenges.
- **Chapter 5** provides an overview of voluntary mining standards and emerging sustainability regulations in Europe and China.
- **Chapter 6** discusses the implications of the previous chapters and presents ESG standards as an opportunity address challenges identified
- **Chapter 7** takes into account research findings and offers recommendations for Chinese and international mining companies, financial institutions, and Peruvian policymakers.

1.1 Methodology

The present report is based on a study carried out between July 2025 and February 2026, as part of the Future Horizons Institute project *Sustainable Trade for Food Security and Clean Energy*. The study applies the United Nations Development Programme's Institutional and Context Analysis (ICA) methodology (UNDP, 2012) and follows the ICA guidance on context-sensitive inquiry and translation of analysis into actionable incentives-based recommendations.

An initial literature review of secondary sources was complemented with interviews conducted between October 24 and November 24, 2025. Fieldwork consisted of a focused week of semi-structured interviews between October 24 and October 31, 2025 in Lima, Peru, with key informants from the Universidad del Pacifico Center for China and Asia-Pacific studies, the Universidad del Pacifico Center for Studies on Mining and Sustainability, the Peruvian Ministry of Mining, the Peruvian Society of Environmental Law, civil society organisations Cooperacción and Derecho y Recursos Naturales, officials from Norway's International Climate and Forests Initiative, the International Labour Organisation, and individuals from other organisations, who have requested anonymity. Findings from the field work were triangulated with online media articles, peer-reviewed academic articles, independent reports, company web sites and official sources between December 2025 and February 2026. Where social conflict trends are referenced, the analysis draws on Peru' Ombudsman Office (Defensoría del Pueblo) monthly bulletins.

1.2 Limitations

The practices of mining companies and how they respond to state regulations is difficult to document in full because of the sensitivity of the information and the need for companies to maintain a good relationship with host governments and communities alike. During the field work, interviewees discussed sensitive topics, including company management practices and views, corruption, and the consequences of political instability in Peru, which has seen nine presidents in office in the last 10 years. To protect interviewees, identities are not disclosed and testimonies are aggregated or paraphrased; this necessarily limits the granularity of attributable material in this report. In addition, some sources requested anonymity due to political and corporate pressures. These conditions may reduce candour and complicate validation despite systematic triangulation.

Sources include web sites tracking stock markets, the Ombudsman Office's monthly reporting, Transparency International's annual ranking and EITI periodic reports, which are the most consistent public trackers available but are subject to time lags, informant perceptions, and/or voluntary reporting. Shareholder information may change daily, and the information presented own company ownership is therefore indicative.

The short time available for data collection and the difficulty in obtaining access to key stakeholders also presents a significant limitation.

2. Context

According to the International Energy Agency (IEA), to achieve net zero emissions by 2050, world demand for critical minerals will increase sixfold by 2030 (International Energy Agency, 2024). Critical minerals have therefore gained prominence in the media for their role in the energy transition, but they are also essential to sectors as diverse as communications, health, infrastructure, and defence, as well as AI and data centres. The competition for critical minerals is therefore intense. Minerals such as lithium, cobalt, nickel, graphite, and rare earth elements are necessary components in the production of solar panels, batteries, electronics, medical equipment and construction of bridges, airports, as well as military vehicles, fighter jets, and satellite systems. Due to their importance and uneven availability in the world, critical minerals now occupy a central position in geopolitics as well as global trade.

By the nature of their operations, mining projects have impacts on communities and the environment. In Peru, considered a 'megadiverse country',[1] these impacts differ by region. The country's biodiversity is concentrated in three main geographic zones, each hosting globally significant ecosystems. First, the Peruvian Amazon, which covers roughly 60% of the country's territory, is one of the most biodiverse regions on Earth, with exceptional species richness in lowland rainforests, floodplains, peatlands, and river systems—particularly in areas such as Loreto, Madre de Dios, and Ucayali, and in protected areas like Manu National Park and Tambopata National Reserve (Encyclopaedia Britannica, 2026). Second, the Tropical Andes, including the eastern Andean slopes, cloud forests, and high-elevation montane ecosystems, represent the world's most biodiverse biodiversity hotspot by species density and endemism, driven by steep altitudinal gradients and climatic variation (Conservation International, 2021). Finally, although smaller in area, coastal and marine ecosystems also contribute to Peru's megadiversity by supporting highly productive fisheries and unique desert-coastal habitats. Together, the Amazon lowlands and the Andes–Amazon transition zone account for the bulk of Peru's status as one of the world's 17 megadiverse countries.

Peru's mining regions encompass both the Andes and the Amazon. The Andes Mountains host the vast majority of Peru's large-scale, formal mining activity given that they contain rich and geologically accessible deposits of copper, gold, silver, zinc, and lead, as well as established infrastructure and historical mining districts developed since colonial times. On the other hand, the Peruvian Amazon has limited industrial-scale mining due to its dense rainforest, low geological exposure of hard-rock ores, and high logistical costs. mining there is dominated instead by dispersed artisanal and small-scale gold

[1] A megadiverse country is defined as one that contains an exceptionally large share of the world's biological diversity, especially species found nowhere else on Earth. The concept was developed by Conservation International in the late 1980s to highlight the small group of countries that together hold the vast majority of global biodiversity and therefore carry a disproportionate responsibility for conservation. To qualify as megadiverse, a country must meet two widely cited criteria: (1) it must harbour at least 5,000 endemic plant species, and (2) it must include marine ecosystems within its borders.

mining, much of it informal or illegal, concentrated along river systems and associated with deforestation and mercury pollution.

Peru has one of the world's largest mineral reserves, with 10.2% of global copper reserves as well as 3.9% of gold, 21.8% of silver, 8.7% of zinc, 5.2% of lead and 3.1% of tin reserves, according to the most recent data published by the US Geological Survey (García-López et al., 2025). China controls approximately two-thirds of the global production or refining of critical minerals, and over 90% of the total for rare earths. Its leadership position in the global trade of critical minerals is the result of decades of strategic investment, industrial policy, and trade policy (Massot, 2025). In this context, Chinese trade with Peru is of key importance for both countries.

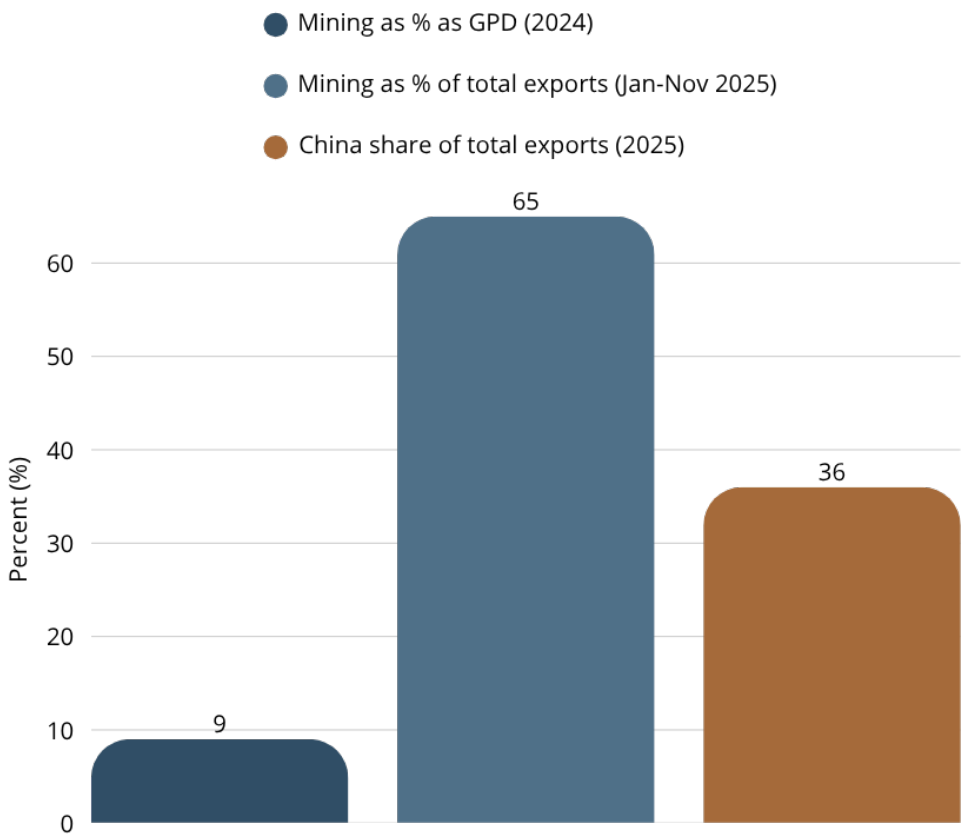
The relationship between China and Peru is not new. It traces back to 19th-century Chinese migration, but gained momentum in the 1990s, driven by Peru's economic liberalisation and China's industrial expansion. In 2009, China and Peru signed a Free Trade Agreement (FTA), making Peru the second Latin American country after Chile, to formalise such an accord with China. By 2011, China had overtaken the United States as Peru's leading trade partner. In 2016, China and Peru signed a "comprehensive strategic partnership", and in 2019 Peru joined the Belt and Road Initiative, paving the way for a more intense Chinese presence in the sectors of mining, infrastructure, and energy.

Since 2010, Peruvian exports to China have expanded significantly, with export values rising from USD 5.58 billion in 2010 to USD 20.67 billion in 2022. In the 13th year of the agreement, bilateral trade totalled USD 34 billion, and Peru recorded a trade surplus of USD 7.33 billion—making it one of the few Latin American countries with a favourable trade balance with China (Cardenal, 2024).

The FTA has facilitated a surge in Chinese investments, as a signal that Pery was an attractive destination for Chinese companies. Major Chinese state-owned enterprises (SOEs) such as MMG and Chinalco have invested billions in large-scale mining projects like Las Bambas and Toromocho. However, the anticipated diversification of Peruvian exports to China has not materialised. Trade remains heavily concentrated in raw materials, reinforcing Peru's dependency on commodity exports and limiting value-added industrial development (Cardenal, 2024).

In 2024, the mining sector accounted for 9% of Peru's GDP and 64% of total exports, according to data from the Ministry of Energy and Mining (MINEM, 2025). Between January and November 2025, exports reached nearly USD 80 billion, with mining exports accounting for approximately 65% of total exports. During this period, China remained Peru's leading trade partner, receiving nearly USD 28.65 billion worth of exports (about 36% of the total), followed by the European Union with USD 9.34 billion (around 12%) and the United States with 8.89 billion USD or roughly 11% of total exports (MINCETUR, 2026). Copper, iron, and gold comprised the bulk of exports from Peru to China (América Economía, 2025).

Figure 1: Mining and Trade Indicators



The concentration of exports in raw minerals also reflects limited diversification in Peru's trade with China, reinforcing structural vulnerabilities in the face of fluctuating commodity prices and geopolitical shifts. Against this background, Chinese investments in the mining sector play a significant role in the Peruvian economy. The next chapter will discuss these investments, as well as the reasons why some of them remain stalled.

3. Chinese investments in the mining sector

3.1 Chinese companies and their Western shareholders

As a consequence of the role played by China as an importer of Peru's mineral commodities, Chinese companies have over time become important actors in Peru's economy. In addition, Chinese investments have brought substantial financial inflows and infrastructure development, reinforcing Peru's position as a key supplier of transition and other minerals to global markets (Gallagher & Li, 2025).

This has happened gradually. According to Dolores, Manky and Sousa, Chinese investments in the mining sector can be divided into three distinct phases. The first phase occurred in the early 1990s and coincided with the privatisation process implemented by President Fujimori. The most significant company at the time was Shougang Group, controlled by the Beijing municipal government, which acquired Hierro Perú, a state-owned Peruvian company, for a total of USD 122 million. The second phase took place between 2007 and 2008, when several Chinese companies entered Peru. These included China Minmetals (through its subsidiaries Metallurgical Corporation of China, Minmetals Development, and Minmetals Resources, which became MMG Limited) and Jiangxi Copper with the Galeno project in Cajamarca, Zijin Mining Group with the Río Blanco project in Piura, and Nanjinzhao Group with the Pampa de Pongo project in Arequipa. The third phase began in the 2010s as Chinalco (Aluminium Corporation of China), a company owned by the Chinese central government, started operations in late 2013. In 2018, Chinalco announced an expansion of operations with an investment of USD 1.3 billion with the Toromocho project. The largest acquisition in Peru came in 2014, when Las Bambas, previously managed by Xstrata, was purchased by a consortium led by MMG Limited, whose majority shareholder is the state-owned China Minmetals. The sale amounted to 5.85 billion dollars (Dolores et al., 2022).

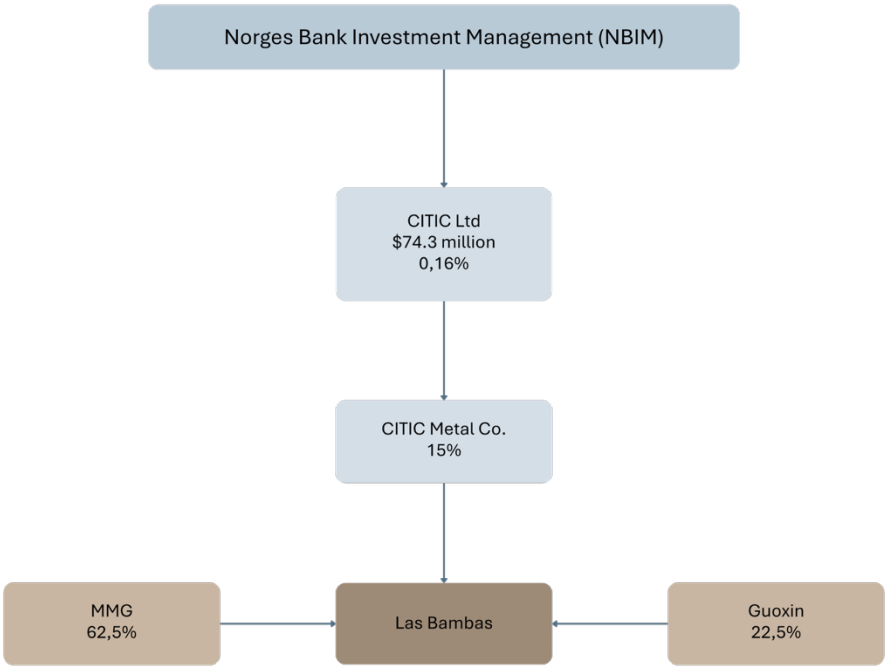
Between 1992 and 2022, 208 Chinese companies were registered in Peru, but only 158 were still active in 2022. Of these, 32% also have private capital, while the remaining are fully state-owned (Sanborn et al., 2025). A full mapping of the ownership structure of all Chinese mining companies mentioned above including parent company and subsidiaries is beyond the scope of this study, but by means of illustration, it is important to note that the distinction of state-owned/SASAC controlled[2] and private may be blurred in cases where state owned companies are listed in stock exchanges and have both private and public shareholders.

[2] SASAC, or the State-owned Assets Supervision and Administration Commission of the State Council is a government body in China responsible for overseeing state-owned enterprises (SOEs).

Furthermore, not all of these companies are 100% Chinese. Some have Western minority shareholders, including BlackRock, Vanguard, Fidelity, and J.P Morgan Chase & Co.[3] In some cases, there is a clear relationship between a Chinese-controlled mine and Western investors, such as in the case of MMG Limited (Las Bambas) and Jiangxi Copper Company (El Galeno). In others, they have indirect ownership (See Figure 2).

The case of Las Bambas, discussed in detail in the next chapter, is an example of indirect ownership by a Western minority investor which is "hidden" when looking only at the shareholders who have direct control the mine. The implications are significant because even if they are not visible, it is clear that international investors have a degree of control of Chinese companies and therefore actions by these companies cannot be attributed only to "China". By means of illustration, in December 2025, NBIM owned equity in the amount of USD 74,354,373, or 0.16% of CITIC Ltd, the parent company of Citic Metal Co, which in turn owns 15% of Las Bambas (Norges Bank Investment Management, 2025, MMG Limited, n.d.), as shown in the figure below.

Figure 2: NBIM indirect ownership of Las Bambas



Although NBIM had a very small equity in CITIC Ltd, it is the world's largest pension fund, managing USD 1,7 trillion in assets worldwide (RankiaPro, 2025). This means that it has considerable influence in global equity and debt markets, and its actions influence other investors.[4]

[3] According to data from March 2026.

[4] Personal communication, Emerging Markets Investors Alliance, 9 January 2026.

The table below lists the majority shareholders of Chinese mining companies in Peru, as well as examples of minority shareholders, including from the West.

Table 1: Ownership structure, Chinese mining projects, in Q1 2026

Company	Stock Exchange Ticker Number	Largest shareholder (Chinese, State-Owned, SASAC controlled)	Other Chinese shareholders (Examples)	Non-Chinese minority shareholders (Examples)
Shougang Group - operates the Marcona mine through Hierro Perú.	Shenzhen 000959.SZ	Shougang Group Co.,Ltd. (57.01%), which is owned by the Beijing Municipal People's Government State-owned Assets Supervision and Administration Commission	Guotai Asset Management Co., Ltd. (0.20%)	Less than 0.1%
Minmetals Development is a subsidiary of China Minmetals Corporation, which owns 60% of El Galeno.	Shanghai 600058.SH	China Minmetals Corporation (62.56%)	Hong Kong Securities Clearing Company Limited (1.9%), Qingdao Fanyi Asset Management Co., Ltd. (0.65%)	None reported
MMG Limited (Formerly Minmetals Resources), operates and owns 62.5% of the Las Bambas mine.	Hong Kong 1208.HK (delisted from the Australia Stock Exchange in 2019)	China Minmetals H.K. (holdings)limited (67.43%), which is ultimately owned by the SASAC	Fidelity Management & Research LLC Hong Kong, (2.47%), Yongying Fund Management Co. (1.52%), HuaAn Fund Management Co., Ltd. (0.31%),	Global X Management Company LLC (0.93%), Vanguard Group (0.92%), Black Rock Fund Advisors (0.71%)
Jiangxi Copper Company Owns 40% of El Galeno mine, operated by Lumina Copper S.A.C.	Hong Kong 0358.HK	Jiangxi Cooper Corporation Limited (40.84%)	Weiyu Yang (individual) (0.39%)	JPMorgan Chase & Co., Ltd (2.03 %), Vanguard Group (0.98%), Global X Management Company LLC (0.87%)

Zijin Mining (Río Blanco)	Hong Kong 2899.HK	Minxi Xinghang State-owned Investment & Operation Co, LTD (22.89%)	China Securities Finance Co., Ltd. (1.65%) China Investment Corporation (1.73%)	Black Rock (1.83%), Schroders Group (1.12%), Vanguard Group (0.7%)
Chinalco/Chalco (Toromocho mine). Chalco is the commercial subsidiary of Chinalco.	Chalco: Shanghai and Hong Kong 601600.SH 26 2600 HK	Chinalco/Aluminium Corporation of China Ltd. is fully owned by SASAC. Chalco is controlled by Chinalco (30.52%)	HKSCC Nominees (Agency) Limited (22.94%), Hong Kong Securities Clearing Company Limited (4.47%)	ICBC Credit Suisse Fund Management Co., Limited (0.14%), Vanguard Group (0.09%)

Source: Wind Financial Terminal, accessed 30th March 2026

While there is no evidence that the behaviour of Chinese companies in Peru is worse than that of their Peruvian or international peers in terms of ESG standards (Sanborn & Chonn, 2016; Dolores et al., 2022; Sanborn et al., 2025), they have been involved in several conflicts registered by Peru's Defensoría del Pueblo, the equivalent of a National Ombudsman Office.

These conflicts have come at a heavy cost for communities, the Peruvian economy, and Chinese companies themselves, with implications for their majority and minority shareholders. The section below provides an overview of mining investments that are stalled due to social conflicts (Río Blanco, El Galeno), as well as mines that are active, in spite of ongoing conflicts (Marcona, Toromocho, Las Bambas).

3.2 Mining as a source of benefits – and conflicts

Since the market-oriented reforms from the 1990s, over 250 mining companies from at least 11 countries have operated in Peru (Sanborn et al., 2025). Over the past decades, the sector has become a central contributor to Peru's public finances and employment. According to official EITI Peru data, the extractive sector, dominated by mining, has consistently generated a large share of government revenues through income taxes, royalties, and special mining taxes, contributing roughly 18–20% of total government revenues in peak years and transferring billions of dollars to national, regional, and municipal governments through mechanisms such as the *Canon Minero* (Mining Canon). In employment terms, while mining is capital-intensive, EITI reporting and Ministry of Energy and Mines statistics indicate that the sector has accounted for around 1–2% of national direct employment, representing over 200,000 formal, relatively high-wage jobs, in addition to substantial indirect employment in construction, transport, and services,

benefiting rural Andean regions in particular (Extractive Industries Transparency Initiative [EITI], 2024 Ministerio de Energía y Minas, 2023).

According to stakeholders interviewed, many communities are in favour of mining, particularly formal mining activities in the Andes, which have seen concrete benefits from the influx of resources brought by the sector. However,

Chinese investments in the Peruvian mining sector have produced mixed results. While some projects have been profitable, others have not provided the returns their investors had hoped for. By 2024, only three of the companies mentioned above were running active operations: the MMG consortium and Chinalco Toromocho mine copper mines in Las Bambas and Toromocho respectively, and Shougang iron mines through Hierro Perú and Minera Shouxin Perú SA (Ministerio de Energía y Minas, 2024).

This is in part attributed to efforts by the Peruvian government to attract investments regardless of their social and environmental impacts and the lack of experience and/or willingness by Chinese companies to address community concerns. As Sanborn, Pareja and Quispe note, in their eagerness to invest, Chinese companies have acquired projects without proper due diligence, encouraged by Peruvian authorities (Sanborn et al., 2025). As a consequence, several projects have failed to go forward due to a combination of governance-related issues such as regulatory and institutional constraints, discussed in Chapter 4, and community resistance, which has led to protests and multiple demands motivated by social and environmental impacts.

According to the Peruvian NGO CooperAcción, in May 2025 mining concessions occupied 19,985,472.64 hectares in Peru, corresponding to 15.51% of the entire national territory, with the potential to expose communities in these territories to various adverse social and environmental impacts (CooperAcción, 2025; CooperAcción & Oxfam, 2023).

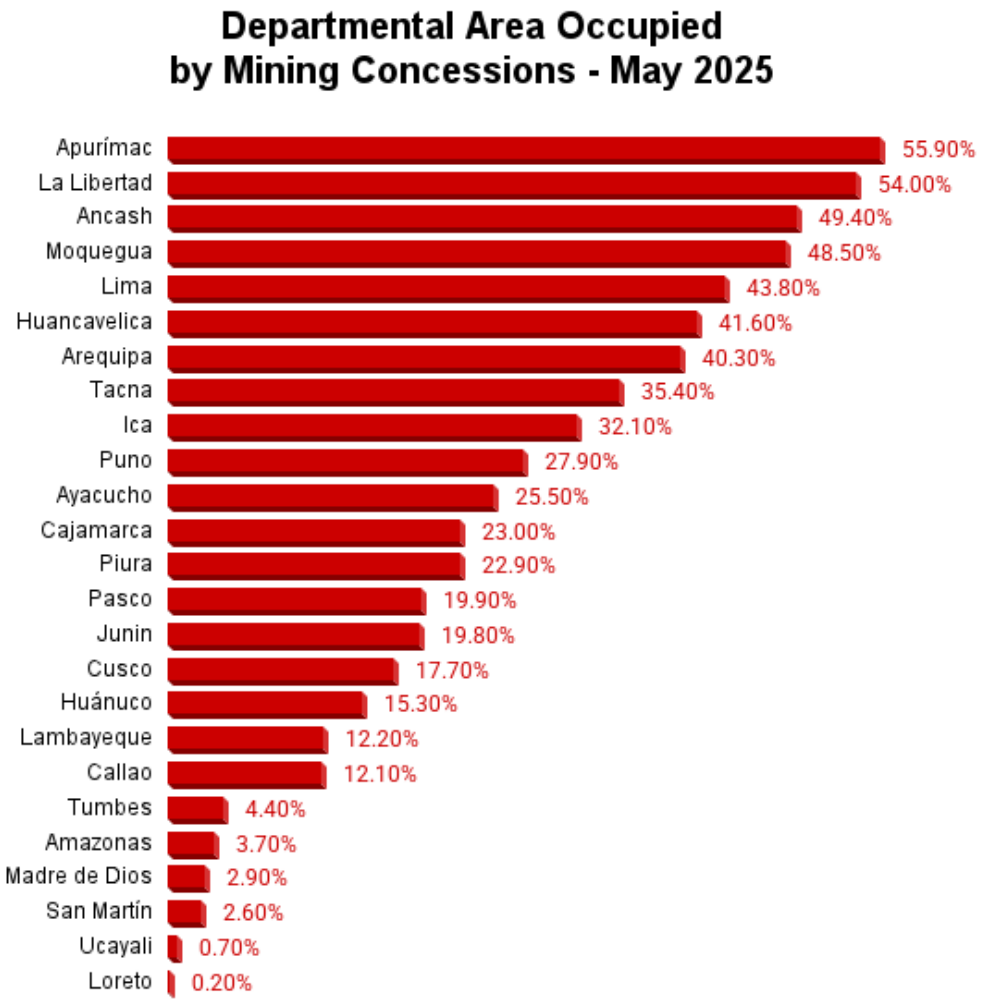
Already in 2010, the Instituto de Estudios Peruanos flagged tensions were particularly pronounced in Apurímac, Cusco, and Cajamarca, while recent data shows disputes involving extractive industries have surged by 300% in the past five years, with 149 cases directly tied to mining operations (Dougal, 2013).

According to the Ombudsman Office, Peru had 204 social conflicts recorded in in November 2025, up from 194 in November 2024. Of these, 99 were classified as “socio-environmental”, of which 61 are related to mining activities. While the causes for conflict vary, these are primarily driven by concerns over environmental degradation, lack of community consultation, and unmet corporate promises. Other types of conflict include demands from groups such as citizen or professional associations vis-à-vis regional or national governments, such as access to public services, land management, budgets, infrastructure, and other collective goods. In addition, 227 protests were recorded, and 118 conflicts registered at least one act of violence (See Appendix 1; Defensoría del Pueblo, 2025).

This has resulted in high financial losses for Chinese companies, as well as long term entanglement in conflicts with communities, which are discussed below.

The figure below shows the percentage of land under mining concessions in Peru by “department”, which refers to administrative divisions governed by regional governments, as of May 2025.

Figure 3: Departmental area occupied by mining concessions



Source: CooperAcción, 2025 "(*) Considering all mining concessions overlapping each other on the land surface, excluding expired mining concessions."

Marcona

Marcona's iron ore operation, managed by Shougang Hierro Perú S.A.A. since 1992, is Peru's only large-scale iron mine and has maintained continuous production despite recurring social and environmental conflicts with economic consequences. The operation was originally owned by a U.S. company until the 1970s, when it was nationalised by the military government. It was then privatised by Fujimori in 1992 and sold to Shougang.

Its capacity is roughly 20 million tonnes per annum and reported output in 2022–2023 was about 12.7 million tonnes per year, underscoring the mine's strategic role in national exports and local employment (Global Energy Monitor, 2025). However, the project's coastal footprint and proximity to protected areas have made it a focal point for disputes with artisanal fishers and community organisations over marine ecology, dust emissions, and access to infrastructure and public spaces (Dialogue Earth, 2024).

Environmental concerns raised by fishers include declining catches and perceived deterioration of water quality, attributed to mining-related particulates and waste handling along the coast. Local leaders describe how strong winds carry metallic dust from stockpiles and port operations toward the sea, intensifying biodiversity impacts; these grievances have been amplified by the approval of a deep-water port at San Juan de Marcona in 2023, with civil society groups warning that cumulative effects could escalate without stringent enforcement and independent monitoring (Dialogue Earth, 2024). In January 2019, the environmental regulator ordered a temporary shutdown over particulate pollution, indicating compliance gaps and triggering remedial obligations and lost output during the closure period. While precise costs were not disclosed, such enforcement typically entails fines, corrective investments, and logistical delays (Yieh Corp., 2019).

Social tensions persist around land use and governance. According to residents, the high concentration of mining concessions constrains urban growth and non-mining livelihoods and contributes to periodic road closures that limit fishers' access to work sites and coastal areas; community representatives have also criticised participation processes as insufficiently inclusive, fuelling distrust toward company commitments and public decision-making (Dialogue Earth, 2024). These dynamics intersect with workplace disputes, a situation Shougang inherited when it first acquired the operation. Shougang has faced repeated strikes and stoppages over wages, safety, and outsourcing. During the COVID-19 pandemic, widows of deceased workers alleged inadequate safety protocols and "economic violence" linked to eviction from company housing, highlighting social-protection gaps and due-diligence concerns (The China Project, 2023; EJAtlas, 2022).

Financial exposure linked to these issues is visible through major operational disruptions. In May 2025, a collapse of a ship loader at San Nicolás forced a multi-month suspension and the application of a "labour suspension" leaving production idle while a replacement was sourced and fabricated abroad; no loss figures were published, but a four-to-five-month halt at Peru's only iron-ore exporter implies foregone revenue and additional repair, storage, and logistics costs, with secondary impacts on household income and local commerce due to unpaid leave (Forbes Perú, 2025; RPP, 2025). Taken together, these episodes indicate significant but undisclosed financial exposure tied to environmental compliance, operational reliability at the port, and social-labour disruptions (Forbes Perú, 2025; Yieh Corp., 2019).

Río Blanco

In 2007, Zijin Mining Group Co., Ltd, a majority partner of the consortium Xiamen Zijin Tongguan, acquired control of the Río Blanco copper–molybdenum project (previously led by Minera Majaz/Monterrico Metals) in northern Peru, planning a multi-billion-dollar development. Feasibility work at the time projected approximately 191,000 t/year of copper and heavy upfront investment, while analysts simultaneously warned that the bid came amid local unrest and limited due diligence (WOMP, 2007; EJAtlas, 2025). The deposit sits in Andean cloud forests and critical headwaters for Piura and Cajamarca, where communities, particularly Yanta and Segunda y Cajas, organised over water and

biodiversity risks. A September 2007 local referendum overwhelmingly rejected mining (Oxfam America, 2007; EJAtlas, 2025) and resistance continued, until the conflict escalated into serious human rights allegations. Protesters detained in August 2005 later secured a UK High Court freezing injunction and a 2011 settlement without admission of liability over torture claims (Business & Human Rights Resource Centre, 2009; Peru Support Group, 2011, as summarised by ICoCA, n.d.). Further violence occurred on December 2, 2009, when police opened fire during a protest in Cajas-Canchaque, killing two farmers and injuring others (Business & Human Rights Resource Centre, 2025; ICoCA, n.d.).

Despite company disclosures framing Río Blanco as a world-class undeveloped asset in pre-feasibility/ "preparation for construction," the project has remained stalled amid social conflict and regulatory re-evaluation (EJAtlas, 2025). In 2024–2025, opposition re-intensified: community assemblies publicly prohibited company entry to communal territories, and seven indigenous organisations filed appeals seeking nullification of concessions for lack of prior consultation under ILO 169 (La República, 2024; Derecho y Sociedad, 2025).

Toromocho

The process of establishing the Toromocho mine, located within the Junín Region of Central Peru, 4,600 above sea level, has mixed reviews. The project was sold by Peru Copper, a Canadian company, to Minera Chinalco Perú S.A., a subsidiary of the Aluminium Corporation of China (Chinalco), in 2007. According to some studies, Chinalco invested USD 50 million, more than any other company, on social benefits before extraction began and the mine is run according to international labour standards (Poulden, 2013, Dolores et al., 2022). Having learned from the experience of Shougang, Chinalco made an effort to maintain a positive relationship with the local community and hired the services of a community relations team to negotiate relocation with the residents of the project area. As a result, the entire town of Morococha, comprising 5,000 residents, was relocated to make way for the mine. Families who resisted resettlement claim the company offered compensation for houses, but not for their land, whose ownership was not recognised. Nonetheless, Chinalco offered homes with water, sewage and electricity services to all those who relocated, as well as public goods such as schools, medical services, police, green spaces, and other infrastructure. In addition, it promised training for local businesses to serve as suppliers (Sanborn et al., 2025).

However, a 2011 study by the Ministry of Housing had reported that the area selected for relocation was subject to soil subsidence due to humidity, floods, and earthquakes (Ministerio de Vivienda, Construcción y Saneamiento, 2011). A 2019 study by the National University of Central Peru cited by Global Voices found that most residents of New Morococha felt their economic prospects and access to social services had deteriorated although it has also been argued by a key informant that Morococha had always been a mining town and most residents had worked under much worse labour and environmental conditions. Many families have migrated elsewhere due to stagnant local economies and what they claimed were unmet promises of employment and infrastructure. However, those who refused to relocate have faced harassment, loss of

utilities, and restricted access to essential services. In October 2025, a judicial eviction forcibly removed the last five families remaining in Morococha. Approximately 25 police officers carried out the operation, blocking access and preventing media coverage. This marked the end of the long history of conflicts over the resettlement of Morococha residents (Dialogue Earth, n.d.).

El Galeno

The El Galeno mining project, located in Cajamarca, Peru, is currently at the prefeasibility stage and is operated by Lumina Copper, a subsidiary of MMG. The project is estimated to require an investment of around USD 3.5 billion and has remained inactive for several years.

It has been directly affected by the neighbouring Conga project, a proposed large-scale open-pit gold and copper mine located in the Cajamarca region of northern Peru, promoted by Minera Yanacocha, a company historically majority-owned by Newmont Mining in partnership with Compañía de Minas Buenaventura and the International Finance Corporation. Approved in 2010, Conga rapidly became one of Latin America's most emblematic socio-environmental conflicts after local communities, regional authorities, and civil society organisations mobilised against the project due to concerns over the destruction of high-altitude lakes, risks to headwaters, and long-standing grievances related to mining in Cajamarca. Between 2011 and 2012, protests escalated into violent confrontations that resulted in fatalities, states of emergency, and ultimately the indefinite suspension of the project, despite formal regulatory approval. Although El Galeno was not directly targeted by the Conga protests, the Conga conflict profoundly reshaped the regional governance and social landscape in which Galeno is embedded. The collapse of Conga entrenched widespread distrust toward mining companies and environmental impact assessments, heightened community resistance to new projects, and positioned large-scale mining in Cajamarca as politically and socially contentious. As El Galeno shares geographic proximity, hydrological systems, and communities of social influence with Conga, it has faced a significantly more adverse environment for advancing feasibility studies and social licensing, illustrating how Conga's conflict generated indirect but durable constraints on neighbouring mining projects in the Cajamarca district (US SIF Foundation, 2025).

More recently, MMG has started updating technical and environmental studies as part of an internal review to assess the possibility of restarting the project, according to media reports (Gestión, 2025; Minart, 2025). This coincided with the approval of an Environmental Impact Assessment (EIA) for exploration activities on May 28, 2025, granted by Peru's Ministry of Energy and Mines. The approval applies only to exploration activities, and a full EIA for construction has not yet been approved. As a result, any future progress on the project will depend on the completion of feasibility studies and additional regulatory approvals (Ministerio de Energía y Minas, 2025; Gestión, 2025; Minart, 2025). Social tensions have also been significant: in May 2024, after months of roadblocks by communities such as La Chorrera and Toldopata, an agreement was reached to lift blockades and create technical committees on labour, environment, and social investment (Bravo, 2024). These issues, combined with regulatory requirements,

mean that while exploration has resumed under the approved EIA, full development will depend on resolving environmental governance and community engagement challenges.

Las Bambas

The Las Bambas copper mine, operated by the Chinese-owned and Australia-headquartered MMG Ltd., exemplifies the tensions between economic development and environmental stewardship. Located in the Apurímac region 3,800 to 4,600 meters above sea level, Las Bambas is one of Peru's largest copper mines, with an investment of over USD 10 billion. This involved relocating the Fuerabamba indigenous community, which later accused the company of modifying the project without consultation with community members (Civicus Monitor, 2019). Later, it was reported that the Peruvian state police was hired to provide private security for Las Bambas, in a clear conflict of interest (Mining Press/La República, 2016).

MMG has been part of the International Council on Mining and Metals (ICMM) for over a decade and claims adherence to ISO 14001:2016 and ISO 31000:2009 standards. Still, the mine has significant environmental impacts. In 2014, construction generated over 133,000 tonnes of hydrocarbon-contaminated soil and 8,400 tonnes of oils. Though waste volumes have declined, Las Bambas still produces 150–180 million tonnes of tailings and over 2,000 tonnes of hazardous waste annually. Water use is critical in Apurímac, where many lack access to drinking water. In 2021–2022, Las Bambas used 80,000–100,000 million litres of water, with 3,000 million litres being fresh—just 4% of the total. Las Bambas also emits 600,000–730,000 tons of CO_2-equivalent gases yearly, along with harmful air pollutants like nitrogen oxides and PM10. Land disturbance is another major issue. By 2020, the mine had affected 3,389 hectares—half of its concession area. Only 101 hectares (3%) had been rehabilitated, impacting local biodiversity (Maiza-Larrarte & Claudio-Quiroga, 2025).

Community members have protested the daily circulation of over 300 heavy trucks on unpaved roads, which they claim has damaged farmland and increased pollution. These protests culminated in a 60-day blockade in 2019. At the time, it was reported that the community agreed to lift the blockade in exchange for a number of commitments from the Peruvian government, including ending the state of emergency in the region, and the removal of military and police personnel (Civicus Monitor, 2019). There have since been waves of protests in the area in 2020, 2021, 2022, 2024 and 2025, as communities have protested against allegedly unmet social and compensation commitments, infrastructure grievances, and disputed land sales. In 2024, protests over the amount proposed by the company for social development projects in communities led to more disruption. It is estimated that cumulative operational and transport disruptions have caused the mine to curb or halt activities over 600 days of stoppages between 2016 and April 2024 (Reuters, 2024).

In 2025, new blockages arose in the vicinity of the mine as part of a larger dispute between informal miners from local communities extracting copper in the mining concession area and the Peruvian government. Informal miners claiming ancestral rights and local land ownership challenged MMG's concession and demanded an extension of

the deadline to regularise their operations, which was set to December 2025. MMG believes that approximately 90,000 metric tons of copper have been extracted by informal miners in the area earmarked for the future Sulfobamba pit, representing losses of future earnings at around USD 950 million (de Vicente, 2025).

In short, grievances and frequent social conflicts have been a source of serious problems for both communities, Chinese companies, and indirectly, to their investors, who are exposed to the subsequent financial losses.

These events have not happened in a governance vacuum. The next chapter will discuss governance advances and challenges that have affected the sector over time, including the emergence of informal mining and regulatory contradictions.

4. Governance achievements and challenges

The root causes of social conflicts linked to mining in Peru and the dynamics that keep such conflicts active and evolving are complex, and Peru's track record in protecting social and environmental rights is mixed. However, a full assessment of the history of the mining sector and governance advances and setbacks affecting social and environmental rights is beyond the scope of this report. The present chapter therefore presents a 'snapshot' of issues highlighted by local stakeholders and experts.

4.1 Social and environmental advances and setbacks

Since the late 1990s, Peru has adopted important social protection measures of relevance to the mining sector, which have included:

A strict legal ceiling on foreign labour through Legislative Decree No. 689, promulgated on November 4, 1991. This law limits foreign workers to a maximum of 20% of a company's workforce and 30% of total payroll, with only narrow exceptions. This rule applies fully to the mining sector and explicitly prevents companies, including Chinese mining firms, from importing large numbers of their own workers.

Trade-union rights for mineworkers; Peru constitutionally recognised and strengthened key trade-union rights including freedom of association, collective bargaining, and the right to strike in Article 28 of the 1993 Constitution, which applies fully to mineworkers under the private-sector labour regime. These rights were further regulated through the Law of Collective Labour Relations (originally Legislative Decree No. 25593, later consolidated in Supreme Decree No. 010-2003-TR).

Workers' right to receive a share of company profits ("*participación en las utilidades"*), which was constitutionally recognised and then formally regulated by Legislative Decree No. 892, enacted in 1996. This decree made profit sharing mandatory for firms with more than 20 workers including mining companies, and it established sector-specific wages.

Adoption of the Law of Workplace Safety and Health (Law No. 29783) on 20 August 2011, establishing comprehensive, mandatory occupational health and safety obligations for all employers, including mining companies. The law protects the right of workers to safe working conditions, requires preventive risk management systems, compulsory training, safety committees, and medical surveillance, and assigns the Ministry of Labor and Employment Promotion a central role in supervision and enforcement. Its regulatory framework was implemented through Supreme Decree No. 005-2012-TR, making these obligations fully operational nationwide.

Creation of the Ministry of Environment in 2008 under the presidency of Alan García, including the Environmental Evaluation and Enforcement Agency (Organismo de Evaluación y Fiscalización Ambiental, OEFA). OEFA is considered independent and effective by civil society. Between 2021 and 2023, the agency issued companies in the extractives sectors fines totalling over PEN 822 million (approximately USD 245 million in 2025) for violations (La República, 2024).

Creation of the *Servicio Nacional de Certificación Ambiental para las Inversiones Sostenibles* (National Environmental Certification Service for Sustainable Investments, SENACE) in 2012. SENACE is an independent body under the Ministry of Environment and is the national environmental authority responsible for reviewing and approving environmental impact studies for large investment projects in Peru.

On the other hand, stakeholders interviewed for this report have highlighted the following recent developments, which have been interpreted as by civil society as signals towards weakening social and environmental safeguards in the mining sector.

Lack of ratification of the Escazú Agreement. Although Peru voted in favour of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) when it was adopted by the UN General Assembly in 2007, unlike 18 other Latin American countries,[5] Peru has not ratified the Escazú Agreement. The Agreement aims to "guarantee the full and effective implementation in Latin America and the Caribbean of the rights of access to environmental information, public participation in the environmental decision-making process and access to justice in environmental matters" (Economic Commission for Latin America and the Caribbean [ECLAC, 2018)

The "Anti-NGO Law". In 2025, Peru's Congress approved, and government enacted, Law No. 32.301, which has been dubbed the "anti-NGO law" by civil society. The law requires prior state approval for NGO projects, enables severe fines or cancellation of registration, and penalises the use of international funds for legal actions against the state, which rights groups say undermine freedoms of association, expression, and access to justice while resembling measures used by authoritarian governments. According to Global Voices, Indigenous peoples and other groups had pleaded with the government not to pass the law, warning that it would "harm support to the poorest populations and limit the work of organisations that report abuses and defend vulnerable communities" and that it would "crucially affect support on issues such as environment, social inclusion, health, and disaster risk management" (IFEX 2025).

Weakening of environmental impact assessment procedures through the Ministry of Environment's decree *Decreto Supremo 005-2024-MINAM*, which modifies key procedures of the Environmental Impact Assessment System (SEIA) and reduces the authority of SENACE. Furthermore, the decree has called for a restructuring of SENACE,

[5] As of April 2026, the following countries that have ratified or acceded to the Escazú Agreement and are therefore legally bound by its provisions: Antigua and Barbuda, Argentina, Belize, Bolivia, Chile, Colombia, Dominica, Ecuador, Grenada, Guyana, Mexico, Nicaragua, Panama, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, The Bahamas, and Uruguay,

which has been interpreted by civil society as an attempt to interfere with its neutrality (Sociedad Peruana de Derecho Ambiental [SPDA], 2024).

4.2 Poverty and the emergence of informal mining

Official statistics indicate that in 2023, close to 29% of the Peruvian population lived below the national monetary poverty threshold of USD 67 per month, marking a significant rise from 20% in 2019, prior to the COVID-19 pandemic. The proportion of individuals experiencing extreme poverty—defined by more severe deprivation—also increased, reaching 5.7% in 2023 compared to 3% in 2019 (Instituto Nacional de Estadística e Informática, 2024). According to Human Rights Watch, this upward trend in poverty disproportionately affects children, rural communities, and or Indigenous Peoples (Human Rights Watch, 2025).

Urban and coastal populations generally benefit from more consistent access to public services, while rural and Indigenous communities remain underserved. According to the 2017 national census, only 52 % of Indigenous individuals had access to a public sewage system, compared to 75 % of the general population.

In the Amazon region, just one third of Indigenous communities had access to a health facility. In addition, the Ombudsperson's Office has documented critical deficiencies in health infrastructure in Indigenous-populated areas of the Amazon, including understaffing and lack of electricity in facilities (Defensoría del Pueblo, 2023).

As the November 2025 report by the Ombudsman Office shows, local communities near mining sites have protested against land dispossession, lack of consultation, and inadequate compensation (See Appendix 1).

Against this background, communities have turned to informal mining activities to increase their income. Recent years have seen a surge in artisanal small- scale mining in Peru, driven by high global metal prices.

This has implications for the Peruvian government, mining companies and vulnerable communities, who have had to contend with the emergence of organised crime in informal mining regions, as well as environmental and social impacts generated by large scale mining (See Figure 4).

Figure 4: Informal mining in Peru

Informal Mining: an increasing challenge for Peru

Over the past few years, informal (artisanal and small-scale) mining in Peru has surged, driven by high prices and economic precarity. Rising prices of gold and copper have boosted informal activity in Peru as more residents turn from subsistence farming to artisanal mining, often in company concession areas. Communities from Cusco's highlands to the Amazon (Madre de Dios, Loreto) have seen short-term income gains, yet also mercury contamination of waterways, deforestation, and rising burdens of tuberculosis and leishmaniasis in transient camps (Mining.com 2025; Chauvin, 2025; Peru Support Group, 2024).

For the Peruvian state, the REINFO registry, intended as a bridge to formalization, has functioned as a prolonged grey zone. In July 2025 authorities expelled 50,565 registrants for inactivity or misuse, acknowledging the scheme was exploited as cover. Moreover, the President of the National Society of Mining, Oil and Energy Julia Torreblanca stated that "Reinfo is used as a shield by illegal miners who now attack not only artisanal, small and medium-sized miners, but also large-scale mining". The registry was going to be abolished in December 2025, but Congress nevertheless extended the mechanism through 2026 (Mining.com (2025), U.S. News/Reuters, 2025a; U.S. News/Reuters, 2025b).

Corruption and politics compound these dynamics. Congressional debates over REINFO have been marred by allegations that some ex-ministers and legislators sought broader extensions or reinstatement of delisted miners for political gain (Infobae Perú, 2025; Peru Support Group, 2025).

Organized crime has increasingly infiltrated informal mining corridors, exploiting REINFO's loopholes to launder operations and capture territory. Analysts and industry bodies warn that repeated extensions turned formalization into a shield for illegality and a revenue stream rivalling narcotrafficking (UPI, 2025; ICcA, 2025). In Amazonian river systems, criminal networks deploy dredges and explosives, expand prostitution and extortion economies, and coerce communities—deepening social collapse and environmental loss (Mongabay, 2025; Amazon Conservation Association, 2025).

An incident at Pataz (La Libertad) illustrates the stakes. In May 2025, 13 security workers linked to a contractor of Compañía Minera Poderosa were kidnapped and executed by illegal mining gangs. Investigations highlighted blurred lines between private security, police, and criminal groups in the area, prompting curfews and a military takeover while underscoring governance failures (Mining.com, 2025; Inter-American Dialogue, 2025).

Overall, the fusion of informality with organized crime and a politicized, corruption-prone formalization mechanism, has amplified environmental destruction, public health risks, legal disputes, and investor caution. Communities bear the heaviest costs through contaminated water, lost livelihoods, violence, displacement, and coercion into illicit economies (Mongabay, 2025).

4.3 Legal loopholes and contradictions

In addition to the governance and social challenges mentioned above, the Peruvian legal framework has inherent contradictions that favour the emergence of social conflicts related to mining.

According to the Peruvian Constitution of 1993, all persons have the right to "peace, tranquillity, free time and rest as well as for rejoicing in a balanced and suitable environment for the development of one's life.[6]

In addition, Peru is a signatory of the International Labour Organisation Indigenous and Tribal Peoples Convention (ILO 169) . Article 6 of the Convention states that the rights of those affected by mining projects must be respected, and before projects are given permission, those concerned must be consulted (See Figure 5).

Figure 5: International Labour Organisation Indigenous and Tribal Peoples Convention (ILO 169) Article 6

International Labour Organisation Indigenous and Tribal Peoples Convention (ILO 169) Article 6

1. The rights of the peoples concerned to the natural resources pertaining to their lands shall be specially safeguarded. These rights include the right of these peoples to participate in the use, management and conservation of these resources.

2. In cases in which the State retains the ownership of mineral or sub-surface resources or rights to other resources pertaining to lands, governments shall establish or maintain procedures through which they shall consult these peoples, with a view to ascertaining whether and to what degree their interests would be prejudiced, before undertaking or permitting any programmes for the exploration or exploitation of such resources pertaining to their lands [author's emphasis]. The peoples concerned shall wherever possible participate in the benefits of such activities and shall receive fair compensation for any damages which they may sustain as a result of such activities.

According to ILO 169 Article 6, consultations must be undertaken in good faith, in a form that is appropriate to the circumstances, and with the objective of achieving agreement **or** consent to the proposed measures.[7] It can therefore be argued that ratifying ILO 169 does not imply the need for the Peruvian state to obtain **consent** from "the peoples concerned", as long as consultations are carried out.

The Convention has been ratified and has been in force since 1995, through the "Law on the Right to Prior Consultation of Indigenous or Native Peoples, as recognised in

[6] Automatic Google translation from the Spanish original "Artículo 2. Toda person tiene derecho: § 22. A la paz, a la tranquilidad, al disfrute del tiempo libre y al descanso, así como a gozar de un ambiente equilibrado y adecuado al desarrollo de su vida." Artículo 2 de la Constitución Política del Perú (derechos fundamentales de la persona) | Juris.pe

[7] Office of the High Commissioner for Human Rights. (1989). *Indigenous and Tribal Peoples Convention, 1989 (No. 169)*. United Nations.

Convention No. 169 of the International Labour Organisation (ILO)", known as the 'Consultation Law.' However, although the Consultation Law Article 2 stipulates that consultations must happen prior to legislative of administrative measures that affect their collective rights (Congreso de la República del Perú, 2011), in practice, according to information provided by interviewees, they take place **after** mining concessions are granted.

This occurs due to a discrepancy between the Consultation Law and Peru's General Mining Law, **which does not require a prior consultation process** before concession rights are granted by administrative measures (Ramos, Y., & Ramos, C. (n.d.), Perú, Ministerio de Energía y Minas, 1992). The Mining Law is silent on consultations, which are mentioned only the Regulation on Citizen Participation in the Mining Subsector (Ministerio de Energía y Minas, 2008).

According to this Regulation, consultations should be carried out prior and during environmental impact assessments (Article 3), and during the implementation of the mining project, encouraging citizens to participate in the monitoring of environmental impacts as well as overseeing compliance with commitments made following environmental impact assessments (Article 4). In the same article, the regulation refers to the General Environment Law, specifying that in case where projects are to be carried out in territories belonging to Indigenous Peoples, "peasant or native" communities, the procedure for citizen participation will be directed towards establishing agreements with their representatives, in order to safeguard their traditional customs and rights, as well as to **establish benefits and compensation** in accordance with the relevant legislation [author's emphasis]. Finally, Article 4 makes it clear that "consultation does not grant involved communities the right to veto mining activities or the authorities' decisions" (Perú, Ministerio de Energía y Minas, 2008). [8]

Moreover, the Consultation Law Article 15 states that "[t]he agreement between the State and the indigenous or native peoples, as a result of the consultation process, is binding on both parties. In the event that an agreement is not reached, it is the responsibility of the state entities to adopt all measures necessary to guarantee the collective rights of the indigenous or native peoples and the rights to life, integrity, and full development."[9] (Congreso de la República del Perú, 2011, p.4)

Although there is no evidence to show that the State actually guarantees these rights, it has one instrument at its disposal to help achieve that goal, known as *Canon Minero* (Mining Canon).

[8] Automatic translation by Google.

[9] Automatic translation by Google.

Figure 6: The Mining Canon

The Mining Canon

The Mining Canon is intended to enable development by sharing mining revenues with subnational governments. It consists of 50 % of the corporate income tax paid by mining companies, which is transferred from the national government to regional and local governments in the areas where extraction takes place. The current system was established in the early 2000s as part of Peru's decentralization reforms and was intended to reduce territorial inequalities, promote local development, and increase social acceptance of mining activities.

In practice, the Mining Canon has delivered mixed and often disappointing results. One fundamental problem is the highly unequal distribution of revenues. Even within producing regions, canon revenues are concentrated in a few districts, generating sharp local inequalities and social tensions (Peru Support Group, 2018; Natural Resource Governance Institute, 2016). A second challenge is the limited institutional capacity of many regional and municipal governments to manage large and volatile revenue inflows. Local governments often lack technical expertise in project design, procurement, and monitoring, leading to low execution rates, inefficient spending, and investments with limited social impact (Oxfam, 2014; IMF, 2025). Legal earmarks further restrict the use of canon funds, favouring physical infrastructure projects while prohibiting spending on recurrent costs such as teachers, health workers, or maintenance. This has resulted in visible but sometimes underutilized infrastructure that does not significantly improve public services or welfare outcomes.

It has also been argued that the canon has contributed to political conflict and governance risks at the local level. Sudden inflows of large revenues into weak institutions have increased incentives for corruption and intensified disputes between local authorities and communities over control of funds. Empirical evidence shows that increases in canon transfers have been associated with higher levels of local political and socio-environmental conflict, rather than greater social cohesion (Arellano-Yanguas, 2011; Gruber & Orihuela, 2017).

Although there are evident weaknesses in the Peruvian regulatory framework, grievances over land and natural resources are not exclusive to Peru and are common in extractive sector operations globally. Over the past decades, mining companies, government and communities have accumulated valuable experience in managing these grievances, leading to the formulation of a wide range of international standards. The next chapter presents an overview of practices and standards promoted or adopted by companies, intergovernmental organisations and civil society, with the common goal to minimise conflicts due to adverse social and environmental impacts of mining.

5. International standards

5.1 Industry standards

Due to the high prevalence of social and environmental adverse impacts caused by extractive industries, there is a recognition across international mining companies that inadequate national legislation and/or low operating standards can expose them to undesirable outcomes such as litigation, conflict with communities, reputational damage, fines, production delays, stoppages, loss of license to operate and market access, all of which translate into financial losses. This has led to the emergence of industry ESG standards such as the *Copper Mark, MAC's Toward Sustainable Mining*, *the World Gold Council's Responsible Gold Mining Principles* and the *ICMM Mining Principles*, which aim to avoid such outcomes. These various standards are expected to be consolidated in a single standard, following a public consultation in 2025 (Consolidated Mining Standard Initiative, n.d.). However, the draft single standard has been heavily criticised by civil society for being based on self-assessment, peer review, or limited third-party assurance, often at the corporate rather than mine-site level, with partial or non-public results. Moreover, civil society organisations have argued that the draft consolidated standard fails to adequately embed international human rights law, particularly Indigenous Peoples' rights and Free, Prior and Informed Consent (FPIC), and could be used for greenwashing rather than accountability (Mining Standards Accountability Alliance, n.d.)

In addition, the China Chamber of Commerce of Metals, Minerals and Chemicals (CCCMC) have issued the *Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains*, which are based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. However, they are voluntary, and explicitly state that companies are required to comply with applicable laws and regulations, so the Guidelines are purely indicative (China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters, 2022). In April 2026, the CCCCMC launched its *Sustainable Mining Code draft for consultation*. As the Guidelines, it is an indicative document and compliance is voluntary (China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters, 2026).

In December 2025, the China Mining Association also issued voluntary guidelines for its members, mentioning the GRI standard and ISO, among others (China Mining Association, 2025).

From a perspective of sustainability reporting, often used to reassure shareholders and attract investors, GRI standards were the most widely used by companies across all regions in 2024, according to a survey conducted by a global consulting firm. GRI "sheds light on the dual nature of the mining sector – providing essential minerals and metals

that society relies on, while having significant impacts on the environment, communities, and workers" (Global Reporting Initiative, 2024).

Intergovernmental multilateral organisations such as the International Finance Corporation (IFC), a member of the World Bank Group, and the Organisation for Economic Co-operation and Development (OECD) have also released have their own standards, which provide guidance on how to avoid, mitigate, and manage risks and adverse impacts in the mining sector. The *IFC Environmental and Social Performance Standards* cover issues including community impact, land acquisition, biodiversity, Indigenous People and Cultural Heritage (International Finance Corporation, 2012).

The *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* are "recommendations addressed by governments to multinational enterprises. They aim to encourage positive contributions enterprises can make to economic, environmental and social progress, and to minimise adverse impacts on matters covered by the Guidelines that may be associated with an enterprise's operations, products and services." (OECD, 2023). 'Finally, the *OECD Due Diligence Guidance for Responsible Mineral Supply Chains "*helps companies identify whether their supply chains are risky and prioritise the most severe risks associated with sourcing minerals from high-risk areas, including human rights abuses, bribery, tax evasion, fraud, and money laundering" (OECD, n.d.).

5.2 Multi-stakeholder standards

The Extractive Industries Transparency Initiative (EITI) promotes the EITI Standard, which is "the global benchmark for transparency and accountability in the oil, gas, and mining sectors. As a framework for disclosure and multi-stakeholder oversight, the EITI Standard is designed to empower governments, industry and civil society to promote understanding of natural resource management; strengthen public and corporate governance and accountability; and provide the data to inform policymaking and debate" (EITI, n.d.) Peru is an EITI implementing country and as such, is expected to submit reports to the EITI Secretariat regularly.

Finally, the Initiative for Responsible Mining Assurance (IRMA) standards are a comprehensive set of requirements designed to define best practice for environmentally and socially responsible industrial-scale mining. Developed through a multi-stakeholder process involving NGOs, affected communities, labour unions, companies, and downstream buyers, the IRMA Standard covers the full mining lifecycle—from exploration through closure—across 26 thematic chapters. These include environmental protection (such as water, tailings, biodiversity, and pollution control), human rights due diligence, labour rights and worker safety, community engagement and Free, Prior and Informed Consent (FPIC), and business integrity and transparency. Compliance is assessed through independent, third-party audits, with results published publicly, making IRMA one of the most transparent mining standards currently in operation. The IRMA Standard serves as the basis of a voluntary assurance system offering independent third-party assessment and verification of environmental and

social performance measures at industrial mine sites around the world" (Initiative for Responsible Mining Assurance, n.d.).

Compared to others, it is the most ambitious standard regarding community participation at every stage of mining projects. As of April 2026, there were no Chinese companies in Peru adopting the IRMA standard. The only company seeking IRMA certification in Peru at the time was Anglo American, for its Quellaveco copper mine (Anglo American, 2026).

5.3 From voluntary standards to mandatory disclosure and due diligence

The guidelines and standards listed above have varying approaches and levels of rigour with respect to social and environmental protection, but all have one thing in common: they are voluntary and therefore their use is fully optional to companies. Of all the companies mentioned in this report, only two – MMG Limited and Zijin - have chosen to adopt international standards: MMG is an ICMM member and applies the ICMM Principles, whereas Zijin is a member of the World Gold Council and implements Responsible Gold Mining Principles (RGMPs) with external assurance. [10]

At the national level, the following companies have provided information to Peru's latest EITI report, covering 2021 and 2022: Minera Las Bambas S.A., Minera Chinalco Perú S.A. and Shougang Hierro Perú S.A. However, as the evidence suggests, these standards have not sufficed to prevent social conflicts, environmental impacts, and financial losses, which are problematic in different ways for communities, companies, shareholders and governments.

Moreover, consumers around the world are increasingly demanding consumer goods that meet sustainability standards, from nature protection and climate action to human rights. These factors have contributed to the emergence of mandatory corporate sustainability reporting and due diligence regulations around the world, with the European Union taking the lead.

European regulations

The 2020s have seen the emergence of a comprehensive regulatory framework in the European Union to promote sustainability goals, requiring companies to report and conduct supply chain due diligence addressing human rights, social, environmental, and

[10] See https://www.icmm.com/en-gb/our-story/our-members and https://www.gold.org/about-us/our-members for a list of company members and details on the principles recommended by these organisations.

conflict-related risks. These rules form part of the European Green Deal strategy[11] and aim to ensure that products placed on the EU market are produced responsibly.

Four core legal instruments are particularly relevant for the Peruvian mining sector: the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the EU Batteries Regulation.[12]

The CSRD is a sustainability disclosure framework requiring companies to report detailed ESG information according to the European Sustainability Reporting Standards (ESRS) and the principle of double materiality, meaning companies must disclose both how ESG issues (such as climate change, labour matters or executive compensation) affect their earnings and how *their own* activities impact people and the environment. The CSRD also requires companies to assess and report relevant sustainability impacts, risks, and opportunities across their value chains, ensuring transparency beyond their own operations (European Union, 2022). Reporting began in 2025 for large EU public-interest companies. It will be followed by other large companies in 2026, listed small and medium enterprises (SMEs) in 2027, and non-EU companies generating at least €150 million in EU turnover with a significant EU subsidiary or branch in 2029, using data from 2028.

Going beyond disclosure, the Corporate Sustainability Due Diligence Directive (EU Directive 2024/1760), which entered into force in July 2024, introduces a general duty for large EU and non-EU companies operating in the EU to identify, prevent, mitigate, and remedy adverse human rights and environmental impacts across their operations, subsidiaries, and value chains. This directive applies across all sectors, including battery and mineral supply chains (European Union, 2024). Under the CSDDD, non-EU companies generating over EUR 1.5 billion turnover in the EU will have to comply with the Directive by 26 July 2028 and those with a net EU turnover of EUR 450 million will have to comply by 26 July 2029.

The EU Batteries Regulation (Regulation (EU) 2023/1542), in force since August 2023, applies to batteries placed on the EU market, including imported batteries and batteries embedded in products. It introduces binding sustainability and due diligence requirements across the entire battery life cycle, from the sourcing of raw materials to recycling. The regulation focuses on critical raw materials used in batteries, including lithium, cobalt, nickel, and natural graphite. As an incentive to improve conditions in the mineral supply chain through more rigorous due diligence, its importance cannot be overemphasised (See Figure 7).

[11] The full text of the European Green Deal is available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52019DC0640

[12] The size of companies in scope and dates for when specific regulations enter into force listed in this section consider changes made after the EU adopted the Omnibus Package, which changed the scope and postponed the adoption of several sustainability regulations. For details, see https://finance.ec.europa.eu/news/omnibus-package-2025-04-01_en

Figure 7: The EU Battery Regulation

The EU Battery Regulation: A game changer?

The Batteries Regulation requires large economic operators placing batteries on the EU market to implement a risk-based due diligence system aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals (European Commission, 2023). From August 2027, companies will have to adopt a public due diligence policy covering human rights, labour rights, environmental protection, and community impacts; establish systems for supply-chain traceability; identify and assess actual and potential risks; take measures to prevent and mitigate adverse impacts; provide grievance mechanisms; undergo independent third-party verification; and report publicly on their due diligence activities on an annual basis. Small and medium-sized enterprises are exempt from these obligations. In addition, from 18 February 2027, electric-vehicle batteries, industrial batteries above 2 kWh, and light-means-of-transport (LMT) batteries placed on the EU market must carry a digital battery passport, in accordance with Article 77 of EU Regulation (EU) 2023/1542 on batteries and waste batteries. Carbon footprint declarations are the first reporting obligation under the Regulation and apply to electric-vehicle batteries from 18 February 2025, with later dates for some industrial and LMT batteries.

The Batteries Regulation will force companies in the EU market to adopt a high level of transparency in reporting as well as conduct due diligence for their mineral supply chains worldwide. This has the potential to be a game changer for communities in Peru and elsewhere.

These developments have not gone unnoticed by Chinese policymakers seeking to maintain their position in the European market.

Chinese regulations

In April 2024, the Shanghai and Shenzhen stock exchanges (SSE and SZSE) launched a series of corporate sustainability disclosure guidelines for over 400 listed companies, making sustainability reporting mandatory from 2026, based on 2025 data.[13] As the CSRD regulations, these are based on the 'double materiality' principle, meaning that companies must report not only on how they are impacted by the settings where they do business but also how they impact the settings where they operate.

Both the SSE and SZSE incorporate social standards into their sustainability-reporting frameworks, though they differ in explicitness and depth. The SSE guidelines clearly embed social expectations by requiring listed companies to "continuously strengthen ecological environmental protection, perform social responsibility, and improve corporate governance"[14] as part of their sustainable-development duties, indicating that social standards encompass responsibilities toward employees, communities, and broader societal impacts; The SSE guidelines also require companies to assess the

[13] The Beijing exchange issued similar guidelines, but they are voluntary.

[14] AI generated translation.

materiality of topics based on their industry, business model, and value chain, which includes social dimensions whenever they are materially significant (Shanghai Stock Exchange, 2024).

The SZSE guidelines, while providing more detailed technical guidance for environmental and climate metrics, also define social standards through their dual materiality framework, meaning the significance of their actual or potential effects on society as well as the environment, and financial materiality, which includes social factors that could influence operations, strategy, or financial performance. The SZSE framework places social topics such as labour practices, community impacts, and societal risks firmly within the required sustainability-reporting scope even though they are less explicitly itemised than environmental topics (Shenzhen Stock Exchange, 2024).

In May 2024, China's Ministry of Finance launched a public consultation on the "Corporate Sustainability Disclosure Standards – Basic Standards" with the following text: 'Sustainable development is an inevitable choice for the prosperity and progress of human society. With the global attention to environmental, social and governance (ESG) issues, strengthening corporate sustainable information disclosure has gradually become a general trend [...]. Most requirements of international standards are applicable in China. (Ministry of Finance of the People's Republic of China, 2024).

The same document describes China's path to harmonisation with the International Sustainability Standards Board (ISSB) created in 2021 at COP 26 in Glasgow by the International Financial Reporting Standards Foundation (IFRS). This is significant because IFRS standards allow businesses to communicate sustainability-related information across global capital markets, enabling companies to provide the same information globally – and critically, allowing investors to compare them and ask for improvements where needed (Melim-McLeod, 2024).

In December 2024, the final Standards were published. Articles 3 is of particular significance (See Figure 8).[15]

Figure 8: Chinese Corporate Sustainability Disclosure Standards

Corporate Sustainability Disclosure Standards – Basic Standards

Article 3*:*

Sustainability information disclosed by enterprises refers to information about sustainability-related risks, opportunities, and impacts (hereinafter "sustainability risks, opportunities, and impacts") in environmental, social, and governance areas, including sustainability information required by national laws and regulations. Sustainability risks and opportunities refer to risks and opportunities reasonably expected to influence the enterprise's development prospects (i.e., short-, medium-, or long-term cash flows, financing channels, cost of capital, etc.) arising from interactions with stakeholders, the economy, society, and the environment across the enterprise's value chain. Sustainability impacts refer to the actual or potential impacts — positive or negative — that enterprise activities (including related value chain activities) have on the economy, society, and the environment.

[15] AI generated translation

According to the Ministry of Finance, China will have a gradual introduction of mandatory sustainability disclosure, starting with listed companies to non-listed, from large enterprises to medium and small enterprises, and from qualitative to quantitative requirements. The goal is that by 2027, China will have successively adopted the Basic Standards as well as Standards for Climate-related Disclosures; and by 2030, a unified national standard system for sustainability disclosure will be established (Ministry of Finance of the People's Republic of China, 2024).

While Chinese disclosure regulations fall short of mandatory due diligence, the fact that they should include the "actual or potential impacts, positive or negative that enterprise activities (including related value chain activities) have on the economy, society, and the environment" as stated in Article 3, is a major change toward transparency.

In December 2025, the Chinese Ministry of Commerce issued the "Notice of the Ministry of Commerce on Printing and Distributing the "Guidelines for Enterprises to Fulfil Social Responsibilities Overseas". These Guidelines stress the need "to strengthen communication with local communities, establish lasting and normalised interactive relationships, actively communicate and fully consider the needs and opinions of community residents, and make positive contributions to community development (Article 21), but still keep compliance with local legislation as a central principle for Chinese companies overseas, stating they should " [s]trictly abide by the relevant laws, regulations, standards and norms of the host country (region) on ecological and environmental protection" (Article 24).

International ESG /sustainability standards and regulations provide a framework for companies, investors, and policymakers to prevent conflicts and ensure social and environmental safeguards in the mining sectors.

The next chapter discusses lessons learned by Chinese companies, the relationship between social protests and competitiveness, and how strong ESG standards may present a pathway for change.

6. The way forward

6.1 Lessons learned: the Chinese perspective

The lessons of the past three decades have not been lost on Chinese companies. In 2019, Weijun Xie, Vice President of China Minmetals Rare Earth Co., stated:

> *There have been many lessons that had to be learned by Chinese enterprises in overseas investment and operations. For example, Shougang Hierro Peru has suffered hundreds of strikes since it first invested in Peruvian iron mining in the early 1990s, causing serious losses and problems for the company. Chinalco in Peru has been subject to controversy over its local development plans and issues related to environmental protection, and it has had to invest some USD 300 million for relocation of local peoples. Zijin Mining in Northern Peru is accused of not disclosing the significant environmental and social risks of its Rio Blanco project and was heavily fined by local environmental protection agencies. From these negative experiences, we have learned that starting from the initial due diligence stage, we must pay more attention to communications with different stakeholders, including native peoples, trade unions and labourers, understanding and guaranteeing their interests. We also must attach great importance to environmental protection and take effective measures to prevent risks. (Sanborn & Xie, 2019)*

Yet in 2026, challenges persist and Chinese companies are aware of their implications. Interviews with persons with access to Chinese companies in Peru reveal that among Chinese managers, there is a general sense that the mining sector suffers both from inconsistent policies, corruption, and unclear community boundaries, information asymmetry, and high local expectations, which presents legal and operational challenges. The importance of compliance with legal requirements is emphasised by Chinese managers, whose companies have struggled with labour disputes, community protests, and who must maintain a good reputation vis-à-vis communities. At the same time, companies recognise that conflicts with communities have been caused by negative environmental impacts, access to clean water and employment opportunities, dismissal of workers, work conditions, road upgrades, compensation for transport, and illegal mining on company grounds, which have generated protests and disruptions.

6.2 Protests and competitiveness

When managing mining projects, it is standard practice for Chinese companies to follow the legislation of the host country, encouraged by the Chinese government (Ministry of Commerce of the People's Republic of China, 2025). However, when national law is contradictory, it can result in serious problems for the company concerned, leading to conflict down the line, as discussed in Chapter 3.

Since the Mining Law does not require prior consultations, concessions are granted without consent of the communities. The Regulation on Citizen Participation places focus on consultations as part of an environmental impact assessment and during project implementation. By shifting the focus from prior consultations and the possibility to veto projects to monitoring impacts and demanding benefits and compensation, the regulations in practice lay the foundation for a long-term process of negotiations, *in which there is no incentive for communities whose rights have not been protected by the state to cease protesting*. Since communities have no choice but to accept the project, their best alternative is to try to negotiate as much as possible in compensation and various benefits – a process that may continue for years, as seen from the mapping of social conflicts in Appendix 1.

These disruptions have come at a high cost for Peru. The country has experienced substantial economic losses due to mining-related social conflicts, which have directly affected both exports and long-term investment flows. Analyses by the Instituto Peruano de Economía (IPE) show that as of 2023, 23 of 46 national mining projects were delayed for conflict-related reasons, representing approximately USD 29.7 billion, or 55% of Peru's total mining investment portfolio (IPE/SNMPE, 2023).

The Inter-American Development Bank further finds evidence of a relationship between escalating social conflict and declining mining competitiveness, noting that mining-related conflicts grew from 20% to nearly 50% of all national conflicts between 2005 and 2023, weakening investor confidence (Bustamante Suárez, 2024). Together, these findings show that unresolved socio-environmental may significantly undermine Peru's economic potential by deterring investment, freezing large-scale extractive projects, and eroding public revenues.

6.3 Fighting fire with gasoline?

The latest EITI report for Peru states clearly that mineral extraction in Peru has declined due to bureaucratic obstacles in the process of acquiring permits for mining projects as well as high levels of social conflicts (EITI, 2024, p.61). The research carried out for this report indicates that Peruvian policymakers have sought to solve the former in ways that fuel the latter, as doing away with bureaucracy might in fact contribute to new conflicts. Chinese companies themselves have indicated the need for stricter social and environmental impact assessments, with third party environmental social auditing and disclosures, to avoid long term negotiations as well as potential conflicts and operational disruptions.

Against this background, deregulation is likely to aggravate social conflicts. The 005-2024-MINAM decree, which was welcomed by mining companies, was heavily criticised by legal experts, who argued that the decree reversed past advances in environmental governance, increasing discretion and reducing technical rigor in the SEIA process. Legal experts have argued that by allowing sectors to decide which projects are "prioritised," removing objective criteria, and limiting in-situ baseline supervision, the decree can lead to less rigorous environmental evaluations, potentially overlooking biodiversity impacts and local ecological sensitivities. Similarly, reducing SENACE's role

and prioritising sector-driven agendas heightens the risk that community concerns, cumulative impacts, and territorial conflicts receive insufficient scrutiny, especially in contexts where sectoral ministries have mandates to promote infrastructure or extractive investment rather than safeguard social and environmental rights (Morveli, Medina, & Jara, 2024).

6.4 Leveraging ESG standards as an opportunity

Companies that are embroiled in legal challenges and conflicts in their areas of operation suffer reputational damage and disruptions to operations, which in turn expose shareholders and creditors to financial risks. As stated previously, analyses by the Instituto Peruano de Economía (IPE) show that as of 2023, 23 of 46 national mining projects were delayed for conflict related reasons, representing approximately USD 29.7 billion, or 55% of Peru's total mining investment portfolio (IPE/SNMPE, 2023). Although there are no publicly available figures on the financial losses incurred by mining companies as a result of protests and conflicts arising from ESG issues, based on this estimate and the Ombudsman Office reports[16] it can be assumed that they have come at a significant cost to bond holders and shareholders alike.

In this context, adopting high ESG standard provides an opportunity to avoid conflicts, and resulting financial losses, help companies comply with emerging sustainability regulations, and restore the image of Peru as an attractive investment destination.

Given the size of Chinese mining companies in Peru and their role in industrial, renewable energy, and electric vehicle supply chains in Europe and beyond, it is very likely that they will fall under scope of EU due diligence requirements. This provides an important incentive for companies to adopt stricter ESG standards during the entire duration of the mining cycle, from pre-exploration to closure and ensure the integrity of environmental impact assessments and consultation with communities before mining concessions are sought.

In China, developments such as the CCCMC Guidelines and Mining Code and the adoption of the ISSB-aligned Corporate Sustainability Disclosure Standards are promising steps towards leveraging ESG standards as a risk management and stakeholder engagement opportunity, but they remain voluntary. By encouraging openness in corporate sustainability disclosure practices, Chinese policymakers are making it possible for company boards, lenders and shareholders in China and beyond to scrutinise social and environmental risks to which their companies are exposed. This in turn, allows company managers and investors to take action to mitigate these risks – and the potential financial losses involved.

Finally, reducing conflicts and maximising scores in ESG rankings will place Peruvian companies in an advantageous position vis-à-vis competitors and will allow Peru to attract more investments in the long term.

[16] See https://www.defensoria.gob.pe/categorias_de_documentos/reportes/

7. Recommendations

The experiences of Chinese mining companies in Peru offer important lessons for future projects, in Peru and elsewhere. Their current approach to rely on local legislation may prove insufficient to manage risks in contexts where legislation is unclear or contains gaps that expose companies and local stakeholders to conflicts. While Chinese companies must respect local laws, they should adopt higher standards when these laws are insufficient or not enforced. In doing so, they also improve their own risk management and prevent financial losses arising from conflicts with communities.

Complying with Chinese disclosure stock market regulations is a risk management opportunity, as it has the advantage of helping companies identify and address social and environmental issues that may lead to reputational costs, litigation, fines and protests before financial losses occur. Secondly, the process helps prepare corporate compliance teams for upcoming mandatory reporting and supply chain due diligence regulations in China and Europe. Finally, enhanced ESG disclosure also makes companies attractive to global investors, who are increasingly adopting ESG factors in investment decisions to prevent exposure to physical, transition and litigation risks.

Shareholders, bond holders, and banks with an interest in Chinese mining companies in Peru (and their parent companies) are exposed to material risks and financial losses as an indirect result of deregulation. Considering the high levels of investment made by mining companies in Peru, a weak regulatory environment and its potential for aggravating social conflicts should be a reason of concern to companies' investors and sovereign bond holders, and an incentive for them to engage with companies and regulators to avoid future losses. Investors have a fiduciary duty vis-à-vis their clients, and should therefore send clear signals to both regulators and companies that a 'race to the bottom' is not in their interest.

Furthermore, in light of emerging international regulations such as the EU Battery Regulation, the CSDDD and Chinese Corporate Sustainability Disclosure Standards, investors and lenders should ensure that the companies in their portfolios remain competitive and ready to comply with stricter due diligence and reporting standards.

Finally, social protests are not in the interest of the Peruvian government any more than they are in the interest of companies or investors. As mentioned in this report, these conflicts come at a high cost, both for communities and financially.

The section below offers recommendations in order to address these issues.

7.1 Recommendations for Chinese mining companies

Adopt the IRMA standard and seek IRMA certification. IRMA is the best protection against unforeseen events that may lead to legal challenges and financial losses to ensure positive relations with affected communities – a win-win scenario for all concerned.

I**nvest in robust corporate sustainability disclosure** reporting in accordance with both Chinese and EU requirements. This will prepare compliance teams for the EU market as well as Chinese stock market regulations.

7.2 Recommendations for financial institutions

Encourage companies in portfolio to adopt the IRMA standard through credit or investment decisions, and in this away incentivise them to have a positive relationship with communities from the start.

Practice active ownership. This can be done through direct engagement with company to ask for specific changes such as the adoption of IRMA; voting for or against proposals in annual general meetings or bringing own proposals; or collaborating with other investors to engage with a company/vote for similar objectives, through alliances such as the Global Investor Commission on Mining 2030.[17]

Sovereign bond holders can **also engage with the Peruvian government and ask for robust environmental impact assessment legislation** to be reintroduced, and for legislation that enables communities to be consulted **before** mining concessions are granted.

7.3 Recommendations for Peruvian policymakers

Strengthen environmental governance institutions such as OEFA and SENACE, and provide them with the means to carry out their obligations independently and with integrity. Deregulation may be attractive to companies in the short term, but in the long term, it is likely to lead to more social conflicts as competition for natural resources intensify.

Create conditions for Peru to remain a competitive investment destination not through deregulation but by enabling companies to successfully comply with the due requirements of the EU Battery Regulation, the Corpora Sustainability Reporting Directive, and the Corporate Sustainability Due Diligence Directive. This means ensuring that robust environmental impact assessments are carried out, and rights of Indigenous Peoples and Local Communities are respected, as per ILO Convention 169.

[17] See https://mining2030.org/

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APPENDIX 1- Overview of mining-related social conflicts

The table below presents an overview of mining-related social conflicts with recorded occurrences in the month of November 2025, based on a report published by the Office of the Ombudsman.[18] These occurrences include both demands on the part of plaintiffs and/or efforts with the aim of negotiating solutions between the parties. Please note that the Office publishes reports monthly and this information changes regularly. The table below is included as an illustrative example.

Many of the registered conflicts reflect long standing issues, while some focus on recent developments considered harmful by one or more groups, including Indigenous Peoples and Local Communities. Conflicts involving Chinese companies are highlighted in red.

Table 2: Overview of mining-related social conflicts

Plaintiff	Respondent/ Accused	Demand	Conflict Registered	Department (Province)
Indigenous Wampi communities	Illegal miners	Cessation of activities and withdrawal of illegal miners	July 2017	Amazonas
Indigenous Awajún communities	Illegal miners	Cessation of activities and withdrawal of illegal miners	December 2008	Amazonas
Aquia Local Community	Antamina Mining Company	Dialogue with company on use of its territory and environmental impacts	October 2021	Áncash
Water user committees from Atupa and Antahurán	Barrick Miquichilca Mining Company	Financial compensation for negative impacts on water source.	March 2012	Áncash
Producer and owner associations from Cunca and Conchapetí	Baema Trade Mining Company, Pacífico Dorado Mining Company	Cessation of traffic of heavy vehicles transporting minerals	October 2025	Áncash

[18] Defensoría del Pueblo (2025)

Unclear. Clashes between local communities and security forces employed by Southern Peru Copper Corporation due to community members carrying out artisanal mining activities in areas under concession to the company. Communities have called a provincial strike.			March 2025	Apurímac
Chuicuni Peasant Community	Las Bambas Mining Company	Community claims company is not implementing agreement on local job creation and related issues.	June 2022	Apurímac
Background to case above: An earlier case from May 2022 where the parties had reached a compensation agreement including job creation, scholarships for students from the area, and other benefits.				
Fuerabamba Peasant Community	MMG Consortium	Fuerabamba community questioned the building of road on its territory without previous consultation as required by law and has occupied road.	December 2018	Apurímac
Local authorities, farmers and population of several districts	Southern Peru Copper Corporation	Opposition to the Tía María project due to flawed environmental impact assessment.	August 2009	Arequipa
Local communities from several districts	Antapaccay Mining company	Prior consultation for Antapaccay mining extension project, compensation for social and environmental impacts	November 2019	Cusco
Population of the Espinar province	Peruvian state and Antapaccay Mining company	Implementation of previous agreement for environmental and health interventions and an investment plan	May 2025	Cusco

Population of Independencia	Raura Mining company	Compensation for environmental damage	January 2024	Huánuco
Quichas Peasant Community	Raura Mining company	Implementation of agreement with company and claims of environmental damage	March 2025	Lima provinces
Artisanal and informal miners, local authorities	National government	Resume mining activities after suspension by government due to high levels of organised crime including 39 assassinations by criminal gangs involved in mining	May 2025	La Libertad
Indigenous communities from the Pintucayu, Chambira and Nanay river basins	National and regional Loreto government	Removal of illegal mining dredges from the river and dialogue with High Level Commmission Against Illegal Mining	October 2025	Loreto
Federation of Native Communities from Bajo Tigre	National and regional Loreto governments	Addressing problems related to illegal mining and guarantee of basic services	August 2025	Loreto
Two local indigenous peoples associations from the Ichuña district	Buenaventura mining company	Paralysation of project activities and renegotiation of common lands and benefit sharing agreement with the company	June 2022	Moquegua
Civil society and water user associations from various locations	Anglo American Quellaveco S.A.	Concerns about water contamination led to road blocks. Monitoring of water quality is ongoing	July 2019	Moquegua

Population and local authorities from General Sanchez	Aruntani Mining Company	Immediate closing of Tucari mine due to the contamination of the Coralaque river; Execution of OEFA resolutions, and resuming construction of a road.	June 2017	Moquegua
Peasant communities Yanta, Segunda and Cajas and other civil society organisation	Rio Blanco Copper S.A.	Adequate protection from environmental damage to the fragile ecosystems in the mountain forests and moors (The company has issued a video in November 2025 to reduce negative perceptions about the project).	April 2004	Piura
Ajoyani peasant community	MINSUR Mining Company	To be included in the area of influence of the mine and have access to projects to benefit the community	November 2025	Puno
Mine workers	Corporación Minera Ananea (CMASA)	Resumption of mining activities that had been suspended due to intense criminal activity in the area. [19]	November 2025	Puno
Association of Sectores and Barrios de la Cuenca Antauta	MINSUR Mining Company	Implementation of agreements made previously, based on dialogues started in 2016, including	September 2025	Puno

[19] The mining operations Ana María I–IV, managed by Corporación Minera Ananea (CMASA) in La Rinconada and Lunar de Oro, were suspended indefinitely starting July 3, 2024, due to escalating violence that endangered workers' safety. Reports of murders, kidnappings, armed robberies, and extortion created an environment where continuing operations was no longer viable. CMASA announced the suspension through an official statement, emphasising that activities would not resume until authorities could guarantee minimum security conditions. The violence was directly linked to organised criminal groups operating in the region.

		contracting local services		
Local authorities of the Palca District	Ciemsa Mining Company	Renegotiation of previous agreement from 2020	May 2024	Puno
Local authorities, alpaca farmers, water user committees and other civil society organisations	Legal and illegal miners	Cancellation of mining concessions in the Suches river basin and remedial action for the pollution of the Suches river	August 2022	Puno
Local authorities from Los Coara. Huara, Capachica and Caracoto districts	National authorities	Actions to address presence of arsenic and mercury in the water caused by illegal mining.	October 2014	Puno
Ocuviri district representatives and peasant organisations	Aruntani Mining Company	Actions to address pollution of the Chacapalca river by heavy metals	July 2013	Puno
Local authorities from Llalli, Cupi, Ayaviri, Umachiri, and local civil society organisations	Aruntani Mining Company	Actions to address contamination of the Llallimayo basin	June 2007	Puno
Various local civil society organisations	Local authorities of and Puni Regional Government	Construction of a dam, declaration of state of emergency in the Ramis basin, and cessation of illegal mining activities	September 2006	Puno

In addition to the cases mentioned above, there is an active case against Chinalco that did not register any occurrences in the month of November 2025.