



**TRANSPARENCY
INTERNATIONAL**
Accountable Mining Programme



DIGGING DEEPER: UNDERSTANDING THE GLOBAL CHINESE MINING SECTOR

Transparency International's Accountable Mining Programme works across Transparency International's global network to look at where and how corruption can get a foothold in the mining sector. Using the Mining Awards Corruption Risk Assessment (MACRA) Tool, Transparency International's national chapters across six continents have identified and assessed corruption risks in the mining sector.

We work collaboratively with governments, companies, civil society organisations and communities, to ensure that mining sector governance is transparent, accountable and participatory and ensures the social and environmental interests of current and future generations are protected.

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Cover: Bor / Serbia - July 13, 2019: Damper truck transporting ore in the Veliki Krivelj mine of Zijin Bor Copper, one of the largest copper mines in the world, owned by Chinese mining company Zijin Mining.

Transparency International Australia acknowledges the Wurundjeri Woi Wurrung people of the Kulin Nation, the Traditional Owners of the land on which our Melbourne office stands. We pay our respects to Elders, past and present.

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Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of August 2024. Nevertheless, Transparency International Australia cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

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EXECUTIVE SUMMARY

China's economic growth in the past two decades – which has been driven largely by investment and exports – has resulted in large increases in China's production of, and demand for, mineral commodities. In this context, China has become the world's leading producer and consumer of many mineral commodities.¹ Since 2018, the value of China's overseas investment in the metals sector has been estimated at US\$60 billion (or 16 per cent of its total overseas investment).²

China has an important role to play in ensuring the transition to cleaner sources of energy. The Chinese government, like much of the world, has set ambitious targets for renewable energy production increasing the mineral demand necessary for cleaner technologies. Many of the overseas Chinese mining companies are amongst the dominant players of key transition minerals, that is, minerals needed for the cleaner energy technologies.

This new research focuses on the Chinese global mining sector and identifies 81 Chinese mining companies involved in 180 projects globally. Specifically, Chile has four Chinese owned critical mineral projects, DRC has nineteen, Indonesia has sixteen and Zambia has six. Other countries with a high presence of Chinese critical minerals projects include Australia (31), Canada (12), South Africa (9), Peru (6), and Zimbabwe (6). This figure does not include projects within China and is likely an underestimate because many mining projects, especially smaller projects or those funded by Chinese nationals rather than companies, may go unreported.

Chinese companies are located in many of the world's top-producing countries for critical minerals, such as Chile, the world's largest producer of copper and the second largest producer of lithium; the Democratic Republic of the Congo (DRC), the world's largest producer of cobalt; Indonesia, the world's largest producer of nickel; and Zambia, one of the world's largest producers of copper. This policy brief has particularly focused on these four national markets, providing an overview of Chinese companies' involvement in the respective mining sectors. Many of these projects are owned by some of the largest producing companies globally. For example, Tianqi Lithium (with operations in Chile and Australia) produces approximately 11 per cent of the world's lithium and CMOC Group (with projects in DRC, Brazil and Indonesia) 9 per cent of the world's cobalt.³

Mining companies often have significant gaps in environmental, social and governance (ESG) knowledge and practice, and this is also the case with Chinese mining companies operating outside China. The overarching legal framework to regulate the behaviour of Chinese global businesses activities is limited, and existing policies – such as the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains – are mostly voluntary in nature. The Chinese mining sector has historically had a strong presence of State-Owned Enterprises (SOEs) and remains closely connected to Chinese government policy. Chinese industry associations often play a greater role than their Western counterparts.

Four of the countries with high numbers of Chinese mining companies and projects – DRC, Indonesia, Zambia and South Africa – all perform poorly on key governance indicators. This includes scoring less than the global average of 43/100 on Transparency International’s Corruption Perception Index and relatively low on World Bank governance indicators. Low governance scores are associated with poor institutional infrastructure by agencies that lack the human and financial capacity to deal with the increased demand from the mining sector. Even in countries that score high in governance indexes, such as Australia and Canada – home to large number of Chinese companies – gaps and weaknesses exist in the transparency, accountability and integrity of the mining sector governance. When companies operate in contexts where these gaps exist, particularly in those with weaker standards of governance, mining operations can have devastating environmental, social or economic consequences.

Many of the challenges discussed in this policy brief are common to the global mining sector, not only Chinese mining companies. By sharing these findings, we hope to enhance stakeholder understanding of the Chinese mining sector and its global interests, and facilitate a productive engagement and collaboration to strengthen sector governance. The brief concludes with a series of policy recommendations for these stakeholders wanting to improve the transparency, accountability, integrity, and social and environmental performance of Chinese interests in the global mining sector, and the sector overall.

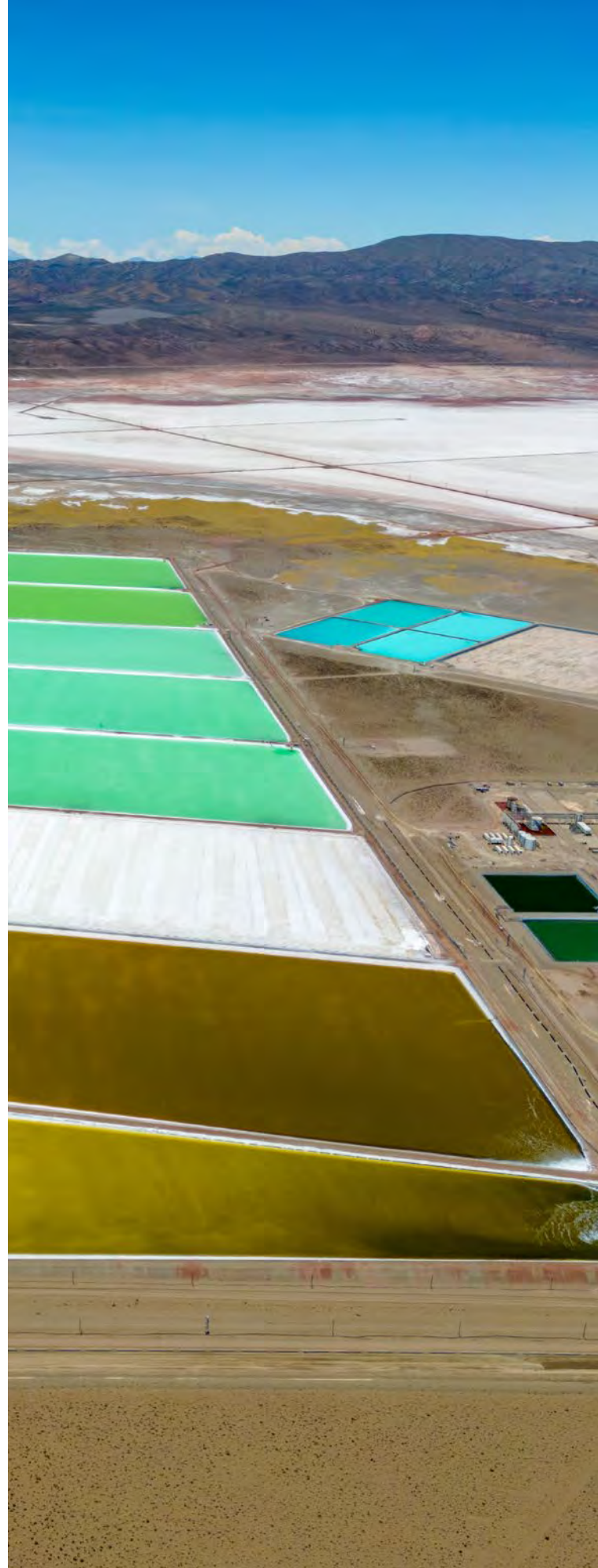


Photo (right): Aerial view of lithium fields or evaporation ponds in the highlands of northern Argentina. Shutterstock

RECOMMENDATIONS

For national governments, and especially those whose countries will become an important source of critical minerals in the future.

- + Improve transparency and accountability requirements for the mining sector. This includes promoting contract transparency, project-level payments-to-government disclosure, joining international initiatives like the Extractive Industries Transparency Initiative (EITI) and enabling a Beneficial Ownership public registry.
- + Strengthen the regulatory frameworks for the behaviour of companies operating domestically and abroad. This includes strengthening anti-corruption safeguards, creating adequate grievance mechanisms and anti-bribery laws.
- + Take steps to strengthen anti-corruption measures where state capture of the mining sector is possible, including within SOEs. This includes strengthening regulations relating to the monitoring of politically exposed persons (PEPs), to prevent 'revolving doors' across industry and government and regulations on lobbying and political financing to prevent undue influence.
- + Ensure community consultation processes are robust, inclusive and meaningful. Protect the rights of communities to provide free, prior and informed consent (FPIC), in particular ensuring gender-inclusive settings and considerations for indigenous peoples. FPIC rights should be enshrined in all relevant regulatory frameworks.
- + Ensure gender considerations are incorporated into environmental and social impact assessments and due diligence processes, as well as multi-stakeholder engagement and community development throughout the project lifecycle.
- + Support the critical minerals sector to close the gender gap, by ensuring stronger standards and regulations in relation to consultation processes, protection of whistleblowers and gendered impact assessments.
- + Promote formal Codes of Conduct for foreign mining companies that support and reinforce national laws and regulations. Additionally, national governments should provide comprehensive guides for foreign entities to ensure compliance with local business practices and legal requirements.⁴
- + Ensure that effective and well-designed grievance mechanisms are implemented and accessible to communities everywhere. Local grievance mechanisms should incorporate the UN Guiding principles on Business and Human Rights effectiveness criteria.
- + Facilitate knowledge-sharing from companies with experience engaging with civil society organisations in regards to environmental and social risks to those with limited experience.



For companies engaged in the mining sector interested in improving business integrity.

- + Implement strong anti-corruption measures at each stage of the value chain that improve transparency, accountability, integrity, and social and environmental performance across all their overseas operations. For example, Chinese companies should align their policies and procedures with the Guidelines for Social Responsibility in Outbound Mining Investments to ensure comprehensive management of environmental, social, and governance (ESG) risks.
- + Foster greater transparency by proactively disclosing project level payments, payments-to-government, beneficial owners and any contracts granted, entered into or amended.
- + Ensure their own community consultation processes are robust, inclusive and meaningful by engaging with local communities throughout the lifecycle of a mine project. This should include respecting the rights of communities to provide free, prior and informed consent (FPIC), ensuring gender-inclusive settings and considering the rights of Indigenous peoples.
- + Implement and ensure communities have access to an effective grievance mechanism as a core part of the community consultation process that incorporates UN Guiding Principles on Business and Human Rights effectiveness criteria.
- + Work to reduce the use of agents and intermediates when developing new business and establish comprehensive and strict controls for those that remain.

For civil society organisations wanting to improve ESG performance and transparency of mining companies.

- + Advocate for the immediate implementation of stronger anti-corruption measures, including preventative measures in legislation and regulation, bilateral and multilateral partnerships and trade agreements.
- + Engage in capacity building with mining sector stakeholders (including local communities, government offices and relevant industry institutions) to assess and understand corruption risks and devise mitigation plans.
- + Promote contract transparency, project-level payments-to-government disclosure, and for national governments to join international initiatives like the Extractive Industries Transparency Initiative (EITI) and enable beneficial ownership public registries.
- + Develop relationships with relevant industry associations (such as CCCMC) which may offer opportunities to influence how the industry association responds to transparency, accountability, integrity, and social and environmental issues.
- + The proliferation of ESG standards and guidelines, and legislation (including for example EU or US legislation that may apply to Chinese companies), may provide the opportunity to support companies (through the provision of advice for example) build the necessary knowledge and experience, and policy frameworks to ensure compliance.
- + Engaging joint venture partners, when relevant, may offer an 'insider track' to developing relationships with companies.
- + Attending China-focused industry events outside of China may offer opportunities for informal interactions, formal meetings, or productive engagements with industry or company representatives.

Photo (left): Detailed view of copper mine open pit in Rio Tinto, Spain. FCG/Shutterstock

OVERVIEW OF THE CHINESE MINING MARKET

China's economic growth in the past two decades – which has been driven largely by investment and exports – has resulted in large increases in China's production of, and demand for, mineral commodities. In this context, China has become the world's leading producer and consumer of many mineral commodities.⁵ For example, China is the world's largest producer of coal, gold and rare earths,⁶ and is also a significant producer of aluminium and lead.⁷ China's economy is reliant on imports of many raw materials, including of major nonferrous metals.

Since 2018, the value of China's overseas investment in the metals sector has been estimated at US\$60 billion (or 16 per cent of its total overseas investment).⁸ Just over 75 per cent of that investment has been in East Asia (predominantly Indonesia, and to a lesser extent the Philippines), South America (including Argentina, Bolivia, Chile and Peru) and sub-Saharan Africa (including Democratic Republic of the Congo (DRC) and Zimbabwe).

China's investment in metals and mining in Asia was US\$5.3 billion in 2023, an increase of 130 per cent compared to 2022 levels, and the highest since 2020. The main focus of these investments has been copper and nickel, particularly in Indonesia, South Korea, Vietnam and Bangladesh.⁹ Examples of recent investments include those connected to nickel mining concessions and battery megaprojects in Indonesia, such as those by the world's largest battery manufacturer, Contemporary Amperex Technology (CATL).¹⁰

China has also invested in mining operations across Africa and imports a large share of Africa's mineral production. Research by Transparency International Australia identified 62 Chinese mining projects across the African continent. However, while Chinese investments in Africa are significant, Chinese mining companies represent a small percentage of Africa's total output in the sector, with most companies concentrated in just five countries: Guinea, Zambia, South Africa, Zimbabwe and the DRC.¹¹

Research by Transparency International Australia identified 81 Chinese mining companies involved in 180 projects globally, not including projects within China. Specifically, Chile has four Chinese owned critical mineral projects, DRC has nineteen, Indonesia has sixteen and Zambia has six. Other countries with a high presence of Chinese critical minerals projects include Australia (31), Canada (12), South Africa (9), Peru (6), and Zimbabwe (6). This figure is likely an underestimate because many mining projects, especially smaller projects or those funded by Chinese nationals rather than companies, may go unreported. Further, some of the countries where Chinese companies are operating or developing a mine do not have publicly available registries of business ownership or official government cadastre systems that would allow the identification of all mining projects in the country, including those owned by Chinese entities.

Number of projects per country.



Chinese investment in critical minerals

As the world moves towards cleaner sources of energy, demand for critical minerals – including cobalt, copper, lithium, nickel and rare earths – is growing significantly. The International Energy Agency (IEA) has predicted that overall demand for these minerals will grow at least fourfold by 2040, with some analysts talking of a new ‘commodities supercycle’ or a ‘mining boom’.¹²

Globally, governments have set ambitious targets for renewable energy production, including the Chinese government. With demand for the minerals needed for the energy transition rapidly increasing, Chinese companies are striking new deals globally to secure raw mineral inputs for refining and battery manufacturing.¹³ This includes direct investments in mining projects and companies, and securing supply sales agreements with mining companies. For example, CATL is acquiring critical mineral assets as a central element of its business strategy. A CATL-led consortium won a bid to develop lithium reserves in Bolivia and CATL has acquired a 25 per cent stake in CMOC, one of the largest cobalt producers in the DRC.¹⁴ The trend is not surprising given that China

holds 78 per cent of the world’s cell manufacturing capacity for electric vehicle batteries, hosts 75 per cent of the world’s lithium-ion battery mega-factories, and produces most of the world’s mineral-rich components for battery cells.¹⁵

Our research looked at four countries in particular: Chile, the DRC, Indonesia, and Zambia, given that they are among the top-producing countries of the critical minerals needed for the energy transition.¹⁶ Chile is the world’s largest producer of copper and the second-largest producer of lithium; the DRC is the world’s largest producer of cobalt; Indonesia is the world’s largest producer of nickel; and Zambia is one of the world’s largest producers of copper. In all of these countries, Chinese mining companies play a significant role. Some of the Chinese companies with interests in critical minerals projects in Chile, DRC, Indonesia and Zambia are shown in Figure 2. Some of the companies listed below account for a significant amount of global production of these minerals. For example, Tianqi Lithium (with operations in Chile and Australia) produces approximately 11 per cent of the world’s lithium and CMOC Group (with projects in DRC, Brazil and Indonesia) 9 per cent of the world’s cobalt.¹⁷

Figure 2. Chinese companies with interests in critical minerals projects

| Country | Chinese companies with interests in critical minerals projects |
|-----------|--|
| Chile | Lithium: Tianqi Lithium Copper: Guangdong Rising Holding Group |
| DRC | Copper and copper/cobalt: Chengtun Mining Group, CITIC Group, China Minmetals, CMOC Group, China Nonferrous Metal Mining Group, CATL, Jinchuan Group, Sinohydro, China Railway Group, Zhejiang Huayou Cobalt Industry, Zijin Mining Group |
| Indonesia | Nickel: Chengtun Mining Group, Tsingshan Holding Group, GEM, CATL, Hunan Zhongwei New Energy Technology, Jiangsu Delong Nickel Industry, Jilin Harong Nonferrous Metal Group, Jinchuan Group International Resources, Zhejiang Huayou Cobalt Industry, Lygend Resource and Technology, Zhejiang Weiming Environment Protection |
| Zambia | Copper: China Copper Mines; China Nonferrous Metal Mining; Jinchuan Copper Group; and Jiangxi Copper |

Photo (right): Giant ore truck at copper mine. Gary Whitton/Shutterstock



DEVELOPING CHILE'S LITHIUM INDUSTRY WITH PUBLIC-PRIVATE PARTNERSHIP

Foreign interest in Chile's mining sector includes companies from China, as well as from Australia, Canada, and the United States. Chile is the world's largest producer of copper and the world's second-largest producer of lithium, making it an attractive investment destination for Chinese companies seeking minerals for the energy transition.¹⁸

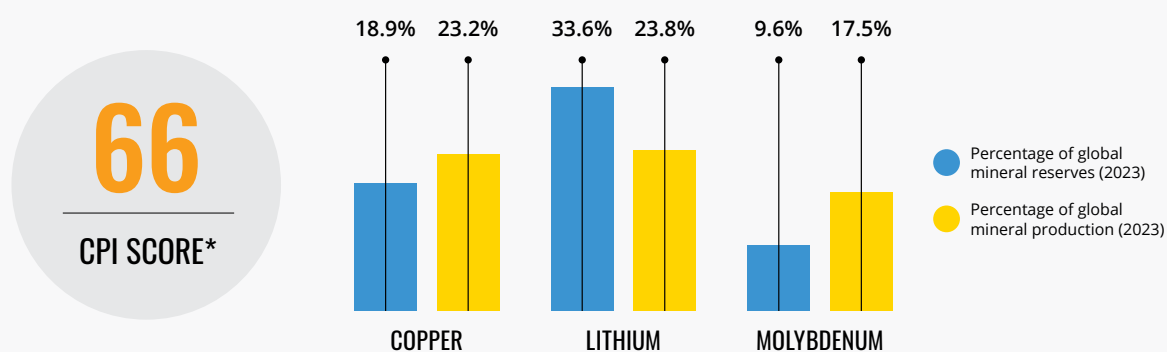
Chile's production of lithium is expected to increase in the years ahead in the context of growing interest and demand for electric vehicles, as the country holds the largest reserves of lithium worldwide at approximately 33.6 percent.¹⁹ China is one of Chile's main trading partners, with mining accounting for 84.4 per cent of all Chilean exports to China.²⁰

Chinese companies are often involved in Chile's mining sector through supply partnerships with other mining companies, rather than through direct Chinese ownership or operation of mining sites. For example, Tianqi Lithium has a guaranteed lithium supply through its minority shareholding in SQM (SQM holds mining rights to the Salar de Atacama salt flat, the world's largest brine-based lithium deposit) and China Minmetals has a copper supply line through a partnership with copper giant CODELCO. Other Chinese mining companies in Chile include Guandong Rising Asset Management, which focuses on copper and gold, and Shunde Rixin, focused on iron ore.

The high geographic concentration of lithium processing facilities in China – 65 per cent of global capacity –²¹ makes it a top lithium export destination. However, it appears that Chinese mineral interests are shifting from importing raw materials from Latin American countries, such as Chile, and exporting back finished products, to establishing verticalized supply chains within the region.²² For example, China's Tsingshan Holding Group has announced plans for a significant investment of \$233 million to set up a lithium iron phosphate (LFP) production plant in Chile's Antofagasta region.²³ Additionally, Chinese electric carmaker BYD is planning on a \$290 million lithium cathode battery production factory in northern Chile.²⁴

In April 2023, the Chilean government announced Chile's national lithium strategy, which aims to vitalise the Chilean economy by developing the domestic lithium industry.²⁵ The strategy has a strong focus on public-private partnerships and sees the state taking a controlling interest in each partnership.²⁶ While existing contract structures will remain unchanged, but it may mean that any future Chinese investment in Chile's lithium industry would take the form of a joint venture.²⁷

Figure 3. Country profile of Chile



Source: Own calculations based on National Minerals Information Center (2024) U.S. Geological Survey Mineral Commodity Summaries 2024 Data Release (ver. 2.0, March 2024); U.S. Geological Survey data release, <https://doi.org/10.5066/P144BA54>.

* Corruption Perception Indicator (CPI) Score: A country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean. See Transparency International. Corruption Perception Index 2023. Accessed June 2024. <https://www.transparency.org/en/cpi/2023>



Photo: Lithium plant, Iquique, Chile. iStock/Daniel Grinspun

ESG standards in markets for Chinese mining investment

Chinese companies, like any other in the sector, are required to comply with the laws of the country in which they are operating (in addition to any home-country laws that apply extraterritorially), and navigate through what can sometimes be challenging contexts. Many of the world's largest reserves of transition minerals are located in countries with poor or weak governance, or where key anti-corruption and integrity measures are not in place. Figure 4 provides some indicators for six countries where Chinese mining companies have a particularly large presence.

As our research shows, operating in countries with weak governance creates a challenge to any mining company.²⁸ Low governance scores are associated with poor institutional infrastructure by agencies that lack the human and financial capacity to deal with the increased demand from the mining sector. This can mean a lack of capacity to monitor and scrutinise compliance with regulations or lead to increased opportunities for corruption. These risks affect companies, national governments and communities. The risks are exacerbated when companies have insufficient knowledge and experience, and policy frameworks to identify and manage relevant risks. Even in countries where governance scores are high, indicating corruption is relatively low – such as Australia and Canada – there can still be weaknesses in regulation of the mining sector, and vulnerabilities that could result in corruption or poor decision-making.²⁹

Figure 4. Governance indicators in selected countries where Chinese mining companies are present

| | Number of identified Chinese companies operating in country | Corruption Perception Index – Transparency International ^a | Worldwide Governance Indicator – World Bank | | EITI implementing country | Public beneficial ownership register | Contract disclosure |
|--------------|---|---|---|--------------------------|---------------------------|--------------------------------------|---------------------|
| | | | Government effectiveness ^b | Rule of Law ^c | | | |
| Australia | 24 | 75 | 93 | 91 | No | Proposed | No |
| Canada | 10 | 76 | 94 | 93 | No | Yes | No |
| Chile | 5 | 66 | 69 | 73 | No | Proposed | No |
| DRC | 13 | 20 | 3 | 4 | Yes | Yes | Partial |
| Indonesia | 16 | 34 | 66 | 45 | Yes | Yes | No |
| South Africa | 11 | 41 | 48 | 54 | No | Yes | No |
| Zambia | 3 | 37 | 28 | 33 | Yes | Yes | Partial |

Sources: Extractive Industries Transparency Initiative (<https://eiti.org/countries>), Open Ownership. (<https://www.openownership.org/en/map/>) and Natural Resource Governance Institute, Oxfam and Publish What You Pay. Unfinished Business: Contract transparency in the Extractive Industries Transparency Initiative. Accessed June 2024. <https://resourcegovernance.org/sites/default/files/documents/unfinished-business-contract-transparency-in-the-eiti.pdf>.

^a Corruption Perception Indicator (CPI) Score: A country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean. See Transparency International. Corruption Perception Index 2023. Accessed June 2024. <https://www.transparency.org/en/cpi/2023>

^b Government Effectiveness (GE): A country's percentile rank (0-100) based on the perceived quality of public services, civil service and policy formulation and implementation, as well as the degree of its independence from political pressures and the credibility of the government's commitment to such policies. 0 corresponds to ineffective and 100 corresponds to highly effective. Source: World Bank. Worldwide Governance Indicators. Accessed June 2024. <https://www.worldbank.org/en/publication/worldwide-governance-indicators/interactive-data-access>

^c Rule of Law: This is a country's percentile rank (0-100) compared to all other countries based on the perceived extent to which agents have confidence in and abide by the rules of society. 0 corresponds to lowest rank and 100 corresponds to highest rank. Source: World Bank. Worldwide Governance Indicators. Accessed June 2024. <https://www.worldbank.org/en/publication/worldwide-governance-indicators/interactive-data-access>

In addition to domestic regulations, many countries with large mining (and oil and gas) sectors may voluntarily participate in multi-stakeholder initiatives such as the Extractive Industries Transparency Initiative (EITI). Through the EITI, companies are required to disclose information to host governments relating to their in-country operations. To date, more than 50 countries have implemented the standard. Research by the EITI Secretariat found that in EITI-implementing countries, Chinese companies disclose information on payments to governments to the same extent as companies from other countries.³⁰

Finally, it is worth noting that regulation of the mining sector in the future will need to respond to changing corruption risks that stem from the growing demand for transition minerals. We have discussed these issues elsewhere, but the following trends are particularly relevant:³¹

1. High demand will lead to more mining licenses in jurisdictions with weak governance.
2. The rapid growth of demand for these minerals could increase speculative behaviour.
3. Fast-tracking of projects and strategic initiatives for the sector can increase government pressure and put new projects at risk.
4. The increase of state participation in the extraction and processing value chain can heighten corruption risks.
5. Investments in sensitive locations can exacerbate environmental, social and political tensions.

Chinese companies, like all others in the sector, need to be aware of these risks.

UNDERSTANDING THE CHINESE MINING SECTOR

There are many factors that make Chinese mining companies different to their competitors (and sometimes joint venture partners) from OECD countries and other segments of the global mining sector. Some of these are outlined below.

Dominance of state-owned enterprises

Historically, China's mining sector has been dominated by state-owned enterprises (SOEs).³² This is a legacy of the Soviet system of centralised production, where countries exercised political control over enterprises, their personnel and decisions on what they would produce. Many SOEs in China's economy were reformed, restructured and privatised to stimulate economic growth, particularly during the 1990s and 2000s. However, SOEs in industries considered core to China's national security and economic security were never 'broken up' or diminished in importance, although they too have been subject to various reforms including the introduction of financial targets. The share of SOEs as a component of China's GDP has been estimated as at least 23 per cent, a figure that has remained much the same for nearly 25 years.³³

China's largest SOEs hold dominant market positions in many strategic industries, such as energy and rare earths. While SOEs are not unique to China, the level of political control the state has over them is.³⁴ For example, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) is responsible for supervising and managing the larger SOEs, including appointing top executives and approving any mergers. State ownership of these SOEs is held by SASAC. A number of mining companies

are supervised by the SASAC, including a newly formed rare earth focused company, China Rare Earth Group, itself a merger of a number of state-owned rare earth interests.³⁵

In the 1990s, many SOEs, including those in the mining sector, started to look for foreign capital and listed on domestic and foreign stock exchanges, including the New York Stock Exchange, Hong Kong Stock Exchange, and Shanghai Stock Exchange.³⁶ This has meant that some Chinese mining companies are subject to further international disclosure rules connected to these stock exchanges, and have international shareholders. Some of China's largest mining companies (and the largest mining companies in the world) are listed companies. Chinese SOEs can still be significant shareholders of these listed companies, although the control they have is diminished.

Importantly, there are differences in the approach to social risks between Chinese privately-owned enterprises (POEs) and SOEs. Chinese SOEs typically have greater capacity than POEs to assess social risks and have shown a stronger inclination to engage with communities through corporate social responsibility in some countries.³⁷ However, these responsibilities are often delegated to intermediaries such as an interpreter or local stakeholder. Compared to POEs, SOEs also tend to be more familiar with and hold more favourable views of Chinese government policies and guidelines.³⁸

Photo (right): Detailed picture of copper.
Africanway/istockphoto.com

CHINESE STATE-OWNED ENTERPRISE ACROSS ZAMBIA'S COPPERBELT

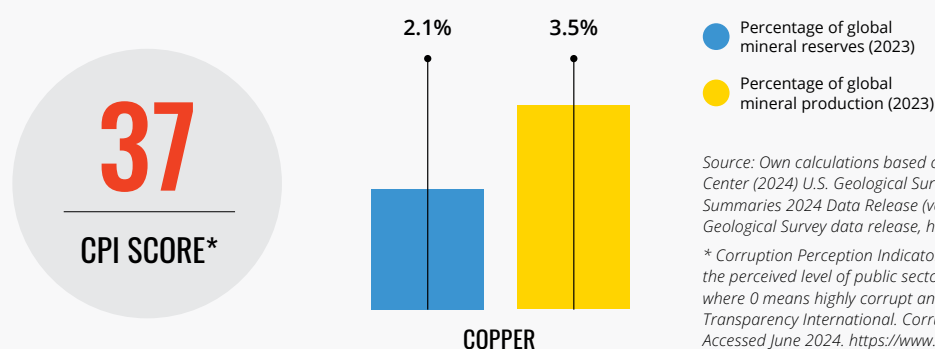
Zambia contains one of the world's highest-grade deposits of copper and is one of the largest copper producers in the world, accounting for approximately 3.53 per cent of global production in 2023.³⁹ It is Africa's second-largest copper producer after neighbouring DRC. Copper is Zambia's main export, accounting for over 60 per cent of the country's total exports.⁴⁰ China is Zambia's second-largest buyer of copper after Switzerland, where much of it is subsequently reexported to China.⁴¹ Zambia also has deposits of other transition minerals including cobalt, nickel, manganese and recently discovered lithium.

The Chinese state plays a prominent role in supporting Chinese mineral interests in Zambia.⁴² Access to copper across the Copperbelt has been an important driver behind China's engagement with Zambia and the country's inclusion in the BRI.⁴³ This has led China to take a more targeted and direct approach, with state-owned mining enterprises investing in critical minerals.⁴⁴ Our research identified six Chinese-backed mineral projects in Zambia—five of these are copper mines and one nickel mine.

China Nonferrous Metal Mining, a SOE managed by SASAC, is the Chinese company with the biggest presence in Zambia, which owns both copper mines and a copper smelter. However, its production of copper is surpassed by other miners - notably, First Quantum Minerals (FQM) and Barrick Gold.⁴⁵ It has been reported that China Nonferrous Metals Mining plans to invest US\$ 1.3 billion in its Zambian subsidiary, NFC Africa Mining, which operates the Chambishi Mine in the Copperbelt province in Zambia.⁴⁶ Another Chinese company operating in Zambia is the Jinchuan Copper group, an SOE owned by the People's Government of Gansu Province SASAC, which owns both a copper and nickel project. Jinchuan, currently owns 85 percent stake in Chibuluma mine, also located in the Copperbelt province of Zambia.⁴⁷ In early 2024, it was reported that Jiangxi Copper expanded its ownership in FQM, while FQM agreed to supply 50,000 tonnes of copper anode per year to Jiangxi Copper from its Kansanshi mine.⁴⁸

Chinese investment has also been expanding northwards, particularly in Kasempa. Kasempa is a district in the Northwestern province, located southwest of Solwezi, which hosts major mining projects by FQM and Barrick. In Kasempa, Chinese mineral interests have invested in large-scale copper mining projects; these include the Ruida (Jifumpa) Mine held by Ruida Investments Limited, as well as the Sino Kasempa (Shivuma) Mine project held through a holding subsidiary of Sinomine Resources Group Co Ltd.⁴⁹ More recently, the Zambian government received funding from China worth US\$15 billion – part of which includes investing in a copper smelting plant in Kabombo, a district also located in the Northwestern province of the country.⁵⁰

Figure 5. Country profile of Zambia



Source: Own calculations based on National Minerals Information Center (2024) U.S. Geological Survey Mineral Commodity Summaries 2024 Data Release (ver. 2.0, March 2024); U.S. Geological Survey data release, <https://doi.org/10.5066/P144BA54>.

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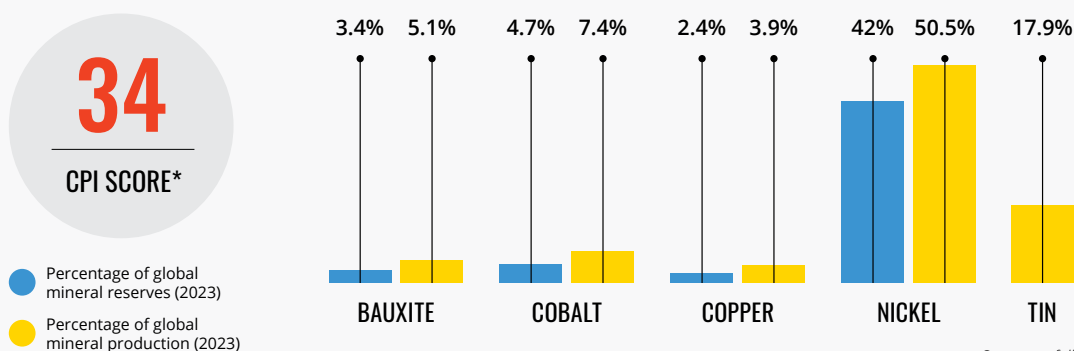
TRANSFORMING INDONESIA'S NICKEL INDUSTRY: THE ROLE OF CHINESE ENTERPRISES

Indonesia has globally significant mineral reserves, and accounts for an estimated quarter of the world's mineral supplies. It is a significant producer of copper, gold, tin and bauxite and is among the world's largest producers of coal.⁵¹ Indonesia is the largest producer of nickel and contains the largest reserves, accounting for 50.48 per cent of global production and 41.97 per cent of global reserves.⁵²

Chinese companies occupy a key role in Indonesia, especially in nickel production. Our research identified 16 projects linked to 16 companies, 13 of which are nickel related. Chinese companies are also involved in iron, zinc, lead, silver and alumina projects in Indonesia. Chinese companies involved in the nickel sector include Tsingshan Holdings (a major stainless-steel producer), Chengtun Mining, Jinchuan Mining, and Lygend Resource and Technology. A majority of Indonesia's nickel mines, processing sites and supply deals are controlled by Chinese interests.⁵³ Many Chinese investment projects in Indonesia have occurred as part of state-level agreements between the Indonesian and Chinese governments. A case in point is the Indonesia Morowali Industrial Park (IMIP), the largest nickel processing site in Indonesia, one of the largest Chinese investments in Indonesia and a key BRI project. While the BRI has been a key driver of the park's development, the Indonesian government's export ban on unprocessed minerals has also significantly propelled Chinese investment.⁵⁴ The ban on exporting unprocessed minerals aimed to increase Indonesia's position in the value chain for nickel. It began in 2014 for raw nickel ore, was partially relaxed in 2017 and then reinstated in 2020.⁵⁵ Following the mineral export ban, investing in Indonesia and domestic smelters was the only way for Chinese companies to maintain direct access to nickel.

Led by the privately owned Tsingshan Steel Group, Chinese companies responded to the export ban by constructing smelters in Indonesia.⁵⁶ Chinese investment accounted for more than half of all foreign direct investment into Indonesia's mineral sector in the 2017-19 period and around 60 per cent in the 2013-16 period.⁵⁷ The BRI helped facilitate the funding of the Indonesia Morowali Industrial Park (IMIP) near the nickel mines, where the smelters were located. The Tsingshan Group has an extraction site for ore and a smelter in the industrial park.⁵⁸ While Indonesia's raw nickel ore exports sharply dropped as a result of the ban, the country's sales of nickel pig iron (an intermediate product) and stainless steel rapidly grew.⁵⁹ Nickel (and cobalt) mining are set to further accelerate as the development of these processing facilities drive up demand for nickel ore. The Sulawesi Cahaya Mineral mine for example, which is operated by PT Merdeka Battery Materials is ramping up to serve as feedstock to Tsingshan Holding Group's nickel-pig iron facility and Zhejiang Huayou Cobalt nickel and cobalt plant at the Indonesia Morowali Industrial Park (IMIP).⁶⁰ Importantly, with the export ban preventing domestic mining companies from selling to overseas buyers, in just a few years the Indonesia Morowali Industrial Park (IMIP) and other large Chinese-invested industrial parks, such as Indonesia Weda Bay Industrial Park (IWIP), have become the largest buyers of Indonesia's nickel products.⁶¹ This entails certain risks. For example, the large Chinese-invested industrial parks could push the country's domestic miners to sell at prices below the market average, with associated risks of compromising on environmental and safety standards to compensate for reduced profits.

Figure 6. Country profile of Indonesia



Links to Chinese government policy

Overseas interests of the Chinese mining sector are connected to Chinese government policy, to advance economic and industry objectives. This can be seen, for example, in China's strategic approach to critical minerals. China has developed significant advantages in the critical minerals sector through a strategy that includes specific industrial policies and financial incentives. Government policy support and subsidies have helped Chinese companies invest in research and development, aided exploration and mining activities, and expanded capacity and technological expertise across the critical minerals supply chain.⁶² SOEs also play a key role in supporting the growth of the Chinese mining sector, frequently engaged on building of infrastructure or to access important resources.

While the mining sector has been steadily growing in recent decades, connected to an increase in internal and global demand, Chinese government policy – such as the Belt and Road Initiative (BRI)—has further accelerated this growth. The BRI is a Chinese government-sponsored infrastructure and investment program aimed at strengthening economic ties between China and other countries in Asia, Europe, Latin America, the Pacific, and Africa. As part of this initiative, Chinese mining companies have been investing in new mineral resources in countries that have signed on to the BRI, such as copper mines in Peru and cobalt mines in the Democratic Republic of Congo.⁶³ China's BRI-related investment in metals and mining was US\$19.4 billion in 2023.⁶⁴ For the mining sector, BRI partnerships offer opportunities to consolidate the involvement of Chinese mining companies in different regions. The Indonesia Morowali Industrial Park (IMIP) offers an insightful case study.

Role of Chinese industry associations

The state has historically had an important role and influence on industry associations in China. Other than bilateral foreign business councils, such as the US-Chamber of Commerce in China, all the major Chinese industry associations for the mining

industry have been under state influence. In 2015, the Chinese government initiated reforms designed to remove industry associations from direct state control and supervision, which historically was the case. Industry associations are now non-governmental in nature, influenced by their members, and are expected to provide policy input to the government.⁶⁵ However, given the relatively recent connections with and oversight from the state, as well as the SOEs involvement in the sector, industry associations remain under the influence from the Chinese government to some degree.

Industry associations are also highly concentrated; the China Non-ferrous Metals Association (CNIA) and China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) include many major Chinese mining firms. Because of their sheer size, Chinese mining industry associations contain far more levels, branches, and committees than their Western counterparts, often making it hard for stakeholders from outside China, including from civil society, to navigate for engagement purposes. As is the case elsewhere, many Chinese companies operating abroad treat their industry association as a source of advice on topics like investment risk, supply chain compliance, and public security. Industry associations also play a key role in supporting and promoting investments, as well as developing standards to regulate and monitor projects. A clear example can be seen in the development of guidelines for responsible conduct in the mining industry, developed in collaboration between the OECD Centre for Responsible Business Conduct and CCCMC.⁶⁶

Gaps in ESG knowledge

Chinese companies, alongside numerous other mining companies, are increasing their investments in countries with large reserves of transition minerals, many of which have weaker levels of governance.⁶⁷ As noted earlier, operating in these contexts presents a range of challenges for any mining company, including with regards to transparency, and social and environmental performance, as a weaker level

Source for Figure 3: Own calculations based on National Minerals Information Center (2024) U.S. Geological Survey Mineral Commodity Summaries 2024 Data Release (ver. 2.0, March 2024); U.S. Geological Survey data release, <https://doi.org/10.5066/P144BA54>.

* Corruption Perception Indicator (CPI) Score: A country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean. See Transparency International. Corruption Perception Index 2023. Accessed June 2024. <https://www.transparency.org/en/cpi/2023>

Photo (left): Open-pit copper mine view in Indonesia. Monica Priscilla/Shutterstock

of governance increases corruption risks. This is especially the case for companies with insufficient knowledge and experience, and the policy frameworks to identify and manage relevant risks. Existing gaps in knowledge of environment, social and governance (ESG) issues by many Chinese mining companies can further compound these risks. While such gaps in ESG knowledge can be observed across the board in the mining sector worldwide, there are many insights to understand these in the context of the Chinese mining sector operating abroad discussed below.

The overarching legal framework to regulate the behaviour of Chinese overseas businesses activities is limited, and existing policies are mostly voluntary in nature as they are not binding or enforceable in courts.⁶⁸ As mentioned, guidelines such as the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains, are the result of the efforts of the OECD and CCCMC, rather than the Chinese government itself. These guidelines were published in 2015 and revised in 2022.⁶⁹ A similar case can be seen in the development of Guidelines for Social Responsibility in Outbound Mining Investments (2017) a collaboration between the CCCMC and the German Agency for International Cooperation (GIZ).⁷⁰ Both of these guidelines are voluntary in nature.

China does, though, have criminal law provisions for bribing foreign officials. In early 2024, China amended its anti-corruption laws by increasing penalties and adding employees of private companies to some bribery and corruption offences that had previously only applied to employees of SOEs. However, enforcement of Chinese foreign anti-corruption laws has been controversial, and until recently lacked clear guidance on the threshold for indictment.⁷¹ Other regulatory frameworks have provided stronger guidance to be applied on companies operating abroad. For example, mining companies listed on US stock exchanges are under the jurisdiction of the Foreign Corrupt Practices Act (FCPA) even for their operations abroad, and must disclose their use of conflict minerals under Sec.1502 of the Dodd Frank Act.⁷²

Another important factor to consider is that Chinese mining companies have only in the past two decades become such strong international players, with many key Chinese players involved in energy transition minerals only becoming an international force in the last 5 to 10 years. For example, Zijin Mining was a successful domestic gold miner, but only started generating significant revenue from its overseas assets in the last 10 years.⁷³ Similarly, while Tianqi Lithium

has existed in China since the 1990s, its success mostly derives from the boom for lithium in recent years and its involvement in overseas lithium assets particularly in the Chilean context, adding to its Australian assets, over the last fifteen years.⁷⁴ There is often a time lag between mining companies achieving a level of maturity in their economic position and their social responsibilities. Developing the required company culture and policies and procedures to meet foreign expectations – including both legal and voluntary obligations – takes time.

The involvement of Chinese diplomats in brokering relationships in host countries can also have an impact on the mining companies' incentives to invest in stronger ESG credentials. Often, Chinese diplomats, party officials and heads of large Chinese multinationals broker relationships with the elites in the host government or elites affiliated with the host government to bring investment from China to host countries.⁷⁵ This can also occur at the state-to-state level without company involvement. Once this is approved, Chinese companies then have the mandate, including financial backing from Chinese banks, to develop specific projects. Because diplomats and party officials are primarily responsible for brokering investment, rather than individual companies, the incentive to develop a good reputation – for example, by investing in community programs and ESG – may not be as strong for Chinese mining companies.

These trends can give us an insight into concerns highlighting ESG gaps in the case of Chinese mining companies. In particular, Chinese companies are often perceived to have less emphasis on ESG requirements in their outward facing engagements. Further, the low standards that exist in many of the countries where Chinese mining companies are operating also means there is little incentive to improve their policies and procedures on transparency, accountability, integrity, and social and environmental performance.

This is the case for both the formal mining sector, and the artisanal and small-scale mining (ASM) sector, which in many countries represent a regulatory challenge. Despite the economic benefits that artisanal mining can bring to workers and their communities, there are concerns about its impact on the environment and human rights, including child labour, poor working conditions, and exposure to hazardous chemicals.⁷⁶ ASM is an important part of Chinese mining operations abroad, such as in Cameroon or in the DRC.⁷⁷ Further details on the DRC case are discussed next.

Photo (right): Cobalt. Paul Alain-Hunt/Unsplash.

CHINESE INVESTMENTS IN THE DRC: FOCUSING ON COBALT AND COPPER MINING

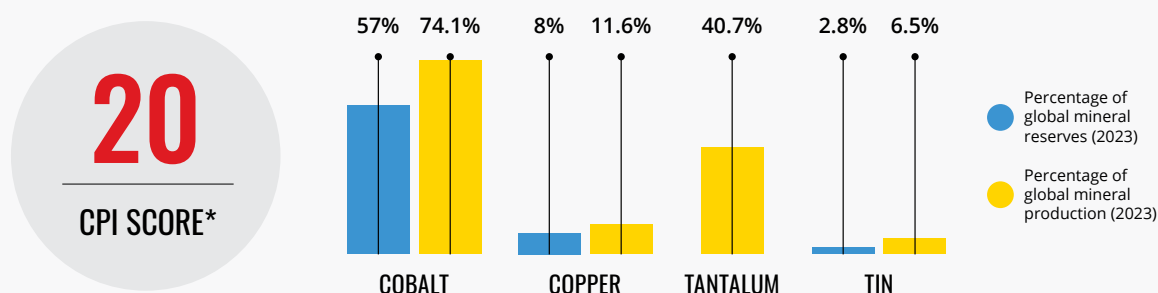
The DRC stands as a pivotal player in the global mining industry, being the world's largest cobalt producer and home to some of the highest-quality copper reserves. In 2023, the DRC produced approximately 74 per cent of the world's cobalt, a critical component in batteries used in electric vehicles and electronic devices.⁷⁸

Additionally, in 2023, among the 91 cobalt mines operating globally, nine of the ten largest were located in the DRC.⁷⁹ The DRC also contains globally significant lithium deposits; although there are no active lithium mines there are multiple projects in development.⁸⁰ Our research identified 19 Chinese mining projects in DRC; primarily involved in copper and cobalt, but also gold, zinc, silver and diamond production.

In 2022, Chinese mining companies controlled about 72 per cent of the cobalt and copper mines in the DRC, reflecting China's strategic investments in the country.⁸¹ Some of China's largest mining companies have investments in the DRC, including China Minmetals, China Nonferrous Metals, Jinchuan Group and Zijin Mining. Zijin Mining, for example, owns 45 per cent of the Kamoa-Kakula Copper Mine (one of the largest copper mines in the world) and 72 per cent of the Kolwezi Copper-Cobalt Mine – both mines are partly owned by the DRC government.⁸² The Jinchuan Group owns four copper and copper/cobalt mines.⁸³ One of the larger Chinese companies in DRC is CMOC (previously known as China Molybdenum) who acquired a majority stake in the Tenke Fungurume copper-cobalt mine, one of the largest and most productive mines in the country.⁸⁴ In early 2024, an investment of \$7 billion in infrastructure projects was reported as part of a renegotiation over the Sicomin copper and cobalt project, a joint venture between the DRC government, and Sinohydro Corp and China Railroads Group.⁸⁵ This is a significant investment for the mining sector, as the country lacks the infrastructure needed to extract its critical mineral resources.

While large-scale mining operations dominate, artisanal miners contribute approximately 20 per cent of DRC's cobalt output and a significant share of DRC's gold output.⁸⁶ Many Chinese miners buy from ASM producers and sometimes Chinese companies themselves are involved in ASM, employing Chinese nationals.⁸⁷ However, the informal and distributed nature of the sector means ASM companies often lack connections with other stakeholders in the industry, including Chinese industry associations, Chinese embassies and regulatory authorities. Further, because of the world's increasing demand for transition minerals, many countries have appended 'special status' to transition minerals projects that Chinese companies are involved in, often accelerating access to land, 'fast-tracking investments' without community consultation or giving other assurances that projects will be approved.⁸⁸ As a result, environmental and social standards can become an even lower priority. This is of particular concern given that the mining of cobalt in the DRC by Western and Chinese companies is linked to severe human rights violations, including hazardous working conditions and child labour, raising urgent concerns about the ethical implications of mining activities in the region.⁸⁹

Figure 7. Country profile of DRC



Source: See National Minerals Information Center (2024) U.S. Geological Survey Mineral Commodity Summaries 2024 Data Release (ver. 2.0, March 2024); U.S. Geological Survey data release, <https://doi.org/10.5066/P144BA54>. Note: TIA derived these figure using data from the U.S. Geological Survey

* Corruption Perception Indicator (CPI) Score: A country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean. See Transparency International. Corruption Perception Index 2023. Accessed June 2024. <https://www.transparency.org/en/cpi/2023>

Engagement with the Chinese mining industry

Engaging with representatives of Chinese mining companies on issues related to transparency, accountability, integrity, and social and environmental performance can be challenging, particularly for civil society stakeholders and other non-government organisations. The activities of foreign-funded non-governmental organisations, as well as domestic-funded civil society organisations in China are severely restricted.⁹⁰ This has affected how Chinese companies, including SOEs, perceive foreign-funded non-governmental organisations. For this reason and others, Chinese mining companies have little experience engaging with civil society organisations outside of China, and there can be hesitancy in doing so.

Further, communication can be difficult because of internet censorship within China; emails and URLs might be blocked, or email attachments or links in webpages not able to be accessed.⁹¹ Opportunities to engage with Chinese mining company representatives inside China at events like conferences can also be difficult because of the time and money needed to secure a visa to visit China.

While mining company representatives often attend industry events outside of China, a consequence of the close links between business and the Chinese state is the restrictions on the movement of business people, especially party members and those in senior roles at Chinese mining companies or chambers of commerce. Often these people must apply to leave the country for business trips or conferences. In addition, their connections with foreign organisations, especially civil society organisations, among others, are likely to be closely scrutinised. Because of the large numbers of SOEs in China's overseas mining market, all senior executives are likely to be subject to these restrictions. This dynamic can present some challenges to engaging with the sector by civil society organisations.

Photo (left): Dump truck running at coal mining field, Pinsuo, China. TonyYao/iStock

THE FIRST GRIEVANCE MECHANISM FOR CHINESE MINING COMPANIES

Despite the important role of critical minerals in the energy transition, the mining and processing of these minerals continues to pose significant environmental and social risks to the communities of mining regions, resulting in an increasing number of grievances.⁹² Yet, many of the communities impacted by mining activities do not have access to forums, mechanisms or other forms of legal recourse to raise and address their concerns.

These are particularly crucial in the mining industry. Grievance mechanisms are vital accountability tools enabling community members and other stakeholders to formally register concerns and resolve disputes alleging companies' noncompliance with applicable environmental and social standards.⁹³ In May 2023, a new grievance mechanism was released, entitled the *Mediation and Consultation Mechanism for the Mining Industry and Mineral Value Chain* ("Mediation and Consultation Mechanism").⁹⁴ While other grievance mechanisms exist, this is the first grievance mechanism specifically applicable to Chinese companies operating in overseas mining operations and mineral value chains.

The mechanism was developed by the Responsible Critical Mineral Initiative (RCI; formerly the Responsible Cobalt Initiative), an industry initiative consisting of companies committed to environmental and social safeguards within the critical mineral sector. The Mechanism seeks "to facilitate dispute resolution through effective communication, consultation, and mediation between stakeholders in the mining industry and mineral supply chains".⁹⁵ An important aspect of this Mechanism is its "bi-directional application", whereby applications for mediation and consultation can be submitted against companies, as well as by companies against other stakeholders.

Since 2014, the CCCMC has developed a range of standards and guides to help Chinese mining and mineral companies manage the social and environmental risks of their overseas operations.⁹⁶ With existing policies to regulate the behaviour of Chinese overseas business activities being mostly voluntary in nature, their implementation has largely remained limited, particularly without formal mechanisms in place for communities to hold companies accountable.

According to the criteria for effective grievance management set out by the U.N. Guiding Principles on Business and Human Rights, for a grievance mechanism to be effective, it should be: legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and based on engagement and dialogue.⁹⁷ The new grievance mechanism appears as an important step in advancing accountability for Chinese overseas mining companies. While questions regarding the effectiveness of the Mechanism have been raised during its consultation process, it does demonstrate strengths in addressing some of the UNGP 31 effectiveness criteria.⁹⁸ If designed and implemented well, this Mechanism can be a major step towards ensuring a just transition by helping to keep companies accountable to impacted communities.

CONCLUSION AND RECOMMENDATIONS

This policy brief has been developed to enhance stakeholder understanding of the Chinese mining sector and its overseas interests. Given the growing influence of Chinese entities in the global mining sector, especially in critical minerals, this understanding is important for those stakeholders wanting to improve the transparency, accountability, integrity, and social and environmental performance of Chinese interests in the global mining sector, and the sector overall.

The global mining sector has many players. This includes large multinational companies, often from OECD countries, smaller companies focused on their own domestic market, small companies with some overseas focus and Chinese companies. Each has their own place in the global mining market, and a unique set of interests, behaviours and motivations. The particular characteristics of each of these segments provides both challenges and opportunities to improve mining sector transparency, accountability, integrity, and social and environmental performance.

The Chinese mining sector has historically been shaped by SOEs and continues to be strongly linked to Chinese government policy. Chinese industry associations often play a greater role than that perceived by their Western counterparts. Chinese mining companies, like many others in the wider global mining sector, can have significant gaps in ESG knowledge, and engaging with them can be challenging. Some of these challenges are unique to Chinese companies and the characteristics of the Chinese global mining sector, others not so. Understanding all this is key to working with the Chinese mining sector to improve its transparency, accountability, integrity, and social and environmental performance.

Photo (right): A convoy of dump trucks has made a beautiful line in a mining operations area, Indonesia. Ari Widodo/iStock



RECOMMENDATIONS

For national governments, and especially those whose countries will become an important source of critical minerals in the future.

- + Improve transparency and accountability requirements for the mining sector. This includes promoting contract transparency, project-level payments-to-government disclosure, joining international initiatives like the Extractive Industries Transparency Initiative (EITI) and enabling a Beneficial Ownership public registry.
- + Strengthen the regulatory frameworks for the behaviour of companies operating domestically and abroad. This includes strengthening anti-corruption safeguards, creating adequate grievance mechanisms and anti-bribery laws.
- + Take steps to strengthen anti-corruption measures where state capture of the mining sector is possible, including within SOEs. This includes strengthening regulations relating to the monitoring of politically exposed persons (PEPs), to prevent 'revolving doors' across industry and government and regulations on lobbying and political financing to prevent undue influence.
- + Ensure community consultation processes are robust, inclusive and meaningful. Protect the rights of communities to provide free, prior and informed consent (FPIC), in particular ensuring gender-inclusive settings and considerations for indigenous peoples. FPIC rights should be enshrined in all relevant regulatory frameworks.
- + Ensure gender considerations are incorporated into environmental and social impact assessments and due diligence processes, as well as multi-stakeholder engagement and community development throughout the project lifecycle.
- + Support the critical minerals sector to close the gender gap, by ensuring stronger standards and regulations in relation to consultation processes, protection of whistleblowers and gendered impact assessments.
- + Promote formal Codes of Conduct for foreign mining companies that support and reinforce national laws and regulations. Additionally, national governments should provide comprehensive guides for foreign entities to ensure compliance with local business practices and legal requirements.⁹⁹
- + Ensure that effective and well-designed grievance mechanisms are implemented and accessible to communities everywhere. Local grievance mechanisms should incorporate the UN Guiding principles on Business and Human Rights effectiveness criteria.
- + Facilitate knowledge-sharing from companies with experience engaging with civil society organisations in regards to environmental and social risks to those with limited experience.

For companies engaged in the mining sector interested in improving business integrity.

- + Implement strong anti-corruption measures at each stage of the value chain that improve transparency, accountability, integrity, and social and environmental performance across all their overseas operations. For example, Chinese companies should align their policies and procedures with the Guidelines for Social Responsibility in Outbound Mining Investments to ensure comprehensive management of environmental, social, and governance (ESG) risks.
- + Foster greater transparency by proactively disclosing project level payments, payments-to-government, beneficial owners and any contracts granted, entered into or amended.
- + Ensure their own community consultation processes are robust, inclusive and meaningful by engaging with local communities throughout the lifecycle of a mine project. This should include respecting the rights of communities to provide free, prior and informed consent (FPIC), ensuring gender-inclusive settings and considering the rights of indigenous peoples.
- + Implement and ensure communities have access to an effective grievance mechanism as a core part of the community consultation process that incorporates UN Guiding Principles on Business and Human Rights effectiveness criteria.
- + Work to reduce the use of agents and intermediates when developing new business and establish comprehensive and strict controls for those that remain.

For civil society organisations wanting to improve ESG performance and transparency of mining companies.

- + Advocate for the immediate implementation of stronger anti-corruption measures, including preventative measures in legislation and regulation, bilateral and multilateral partnerships and trade agreements.
- + Engage in capacity building with mining sector stakeholders (including local communities, government offices and relevant industry institutions) to assess and understand corruption risks and devise mitigation plans.
- + Promote contract transparency, project-level payments-to-government disclosure, and for national governments to join international initiatives like the Extractive Industries Transparency Initiative (EITI) and enable beneficial ownership public registries.
- + Develop relationships with relevant industry associations (such as RCI) which may offer opportunities to influence how the industry association responds to transparency, accountability, integrity, and social and environmental issues.
- + The proliferation of ESG standards and guidelines, and legislation (including for example EU or US legislation that may apply to Chinese companies), may provide the opportunity to support companies (through the provision of advice for example) build the necessary knowledge and experience, and policy frameworks to ensure compliance.
- + Engaging joint venture partners, when relevant, may offer an 'insider track' to developing relationships with companies.
- + Attending China-focused industry events outside of China may offer opportunities for informal interactions, formal meetings, or productive engagements with industry or company representatives.

Read more

Transparency International Accountable Mining Programme (2022) [What does the energy transition mean for the mining sector: Five trends to understand corruption risks in the extraction of transition minerals](#) – highlights how rapid growth in demand for minerals, fast tracking of projects and other trends will influence corruption risks.

Transparency International Accountable Mining Programme (2012) [Stronger Community Voices: Addressing Corruption Risks in Community Consultation in Mining](#) – sets out the links between community consultation and corruption during licensing for exploration, new mining projects or mine expansions.

Transparency International Accountable Mining Programme (2012) [Promoting Beneficial Ownership and Integrity Screening in the Mining Sector](#) – provides guidance to promote beneficial ownership screening.

Transparency International Accountable Mining Programme (2021) [Corruption risks and ESG screening of mining investments: investor briefing paper](#) – details three key areas that investors need to consider as part of due diligence on mining investments.

OECD and China Chamber of Commerce of Metals, Minerals and Chemicals Importers & Exporters (CCC MC) (undated) [Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains](#) - provides guidance to Chinese mining companies to identify, prevent and mitigate their risks of contributing to conflict, serious human rights abuses and risks of serious misconduct.

China Chamber of Commerce of Metals, Minerals and Chemicals Importers & Exporters (CCC MC) (undated) [Guidelines for Social Responsibility in Outbound Mining Investments](#) – guides Chinese enterprises involved in outbound mining investment to (among other things) identify priority issues for social responsibility, establish social responsibility management system, and conduct due diligence.

China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCC MC) & Responsible Critical Mineral Initiative (RCI) (2023) [Mediation and Consultation Mechanism for the Mining Industry and Mineral Value Chain](#) – first grievance mechanism applicable to many Chinese corporations involved in the mining and mineral value chain. Aims to provide a mediation and consultation platform which can be used by stakeholders throughout the entire life cycle of the mineral value chain.

OECD (2021) [Ownership and Governance of State-Owned Enterprises: A Compendium of National Practices](#) – provides an easily accessible and up-to-date information on individual countries' institutional, legal and regulatory frameworks for state ownership of enterprises, assisting in the implementation of the OECD Guidelines on Corporate Governance of State-Owned Enterprises.

Natural Resources Governance Institute (2022) [Anticorruption Guidance for Partners of State-Owned Enterprises](#) - proposes concrete measures that international oil, gas and mining companies should adopt to reduce corruption risks in their work with SOEs.

Extractive Industries Transparency Initiative (2022) [Strengthening governance of critical minerals](#) - explains how transparency and multi-stakeholder dialogue can be used to shed light on governance challenges, help to identify solutions, and provide a platform for collective action in the critical minerals sector.

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Appendix A: Country data

Number of identified Chinese mining companies and Chinese mining projects operating globally.

Note: Some companies operate in multiple countries, and this list does not represent the number of unique companies.

| Country | Number of Projects | Number of Companies |
|----------------------------------|--------------------|---------------------|
| Afghanistan | 1 | 2 |
| Argentina | 7 | 5 |
| Australia | 31 | 24 |
| Brazil | 3 | 5 |
| Cameroon | 1 | 1 |
| Canada | 12 | 10 |
| Chile | 4 | 5 |
| Colombia | 1 | 1 |
| Democratic Republic of the Congo | 19 | 13 |
| Dominican Republic | 1 | 1 |
| Ecuador | 2 | 2 |
| Eritrea | 1 | 1 |
| Germany | 1 | 1 |
| Ghana | 4 | 2 |
| Guinea | 4 | 3 |
| Guyana | 2 | 2 |
| Indonesia | 16 | 16 |
| Ireland | 1 | 1 |
| Kazakhstan | 2 | 2 |
| Kyrgyzstan | 1 | 1 |
| Laos | 3 | 2 |
| Liberia | 1 | 2 |
| Malaysia | 1 | 1 |

| Country | Number of Projects | Number of Companies |
|-----------------------|--------------------|---------------------|
| Mali | 1 | 1 |
| Mexico | 2 | 2 |
| Mongolia | 1 | 1 |
| Mozambique | 1 | 1 |
| Myanmar | 4 | 4 |
| Namibia | 4 | 2 |
| Niger | 1 | 1 |
| Pakistan | 2 | 1 |
| Papua New Guinea | 3 | 3 |
| Peru | 6 | 8 |
| Republic of the Congo | 1 | 2 |
| Russian Federation | 3 | 3 |
| Saudi Arabia | 1 | 1 |
| Serbia | 2 | 1 |
| Sierra Leone | 2 | 2 |
| Solomon Islands | 1 | 2 |
| South Africa | 9 | 11 |
| Suriname | 1 | 1 |
| Tajikistan | 2 | 2 |
| Uganda | 1 | 1 |
| Uzbekistan | 1 | 3 |
| Zambia | 6 | 3 |
| Zimbabwe | 6 | 5 |

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