IRCB Agreement for the Renewable Energy Sector

Peru field visit / June 2025

In this report, the following sections can be found:

1. *Background information about the visit and the project*
2. *Observations from the field visit*
3. *Due diligence recommendations to downstream companies.*

1. Background information about the visit and project

In June 2025, a delegation representing the *International Responsible Business Conduct (IRBC) Agreement for the Renewable Energy Sector* visited Peru (Lima, Acari and Nazca) as part of their *Peru Copper Project* — a collaborative initiative that aims to integrate artisanal and small-scale copper mining (ASCM) into responsible international supply chains. This report briefly reflects on that visit and, based on this, lists due diligence recommendations for downstream companies.

Copper is a *crucial mineral* for the energy transition, and the reason to focus on Peru because it is one of the world's top copper-producing countries but without much knowledge about its own copper sector. While large-scale mining operations dominate the landscape, the ASCM sector - which offers significant local employment[1] and economic value - often faces challenges related to formalization, environmental impacts, financial inclusion, and the protection of human rights.

The Peru Copper Project is funded by the *European Partnership for Responsible Minerals* (EPRM) and involves the following project partners: *Sunrock*, the *Danish Institute for Human Rights*, the Social and Economic Council of the Netherlands (SER) represented by *the secretariat of the IRBC Agreement*, the *Alliance for Responsible Mining* (ARM) which leads the project, and the *Initiative for Responsible Mining Assurance*. The project is further supported by several companies of the Agreement: SSE Renewables, Orsted and Vattenfall.

[1] 200.000 people are dedicated to ASM in Peru with approximately 150.000 of them mine copper, please see *here*.

Route from Lima to Nazca

Over a week-long trip, the delegation visited two ASCM sites in Acari, the Arequipa region and a processing facility in Nazca, the Ica region (all three located in Southern Peru, approx. 8 hours by car from Lima), gaining firsthand insight into the working conditions, socio-economic situation, community relations, and environmental practices. The visit also included conversations with local miners, women's cooperatives, and community leaders who are involved in and directly impacted by mining activities.

Following the field visits, the group convened in Lima for a multi-stakeholder roundtable with representatives from the Peruvian government, civil society, indigenous organizations, and the mining sector. Discussions focused on the barriers to formalization, the need for regulatory clarity, access to finance, and the importance of listening to local voices and indigenous rights.

Below you can find the following information about the field visit and follow up actions:

1. Observations made during the field visit
2. Due diligence recommendations for downstream companies based on the field visit

Group picture made during the travel from Nazca to the mines

2. Observations field visit

The ASCMs visited by the project partners are both owned by women and located in the same concession area, located in the Nazca area. They have a contract with a large-scale mining (LSM) operation to mine in the concession. The mines are located in the mountains in a very rural area, at least a two hours drive from the nearest town. This is why miners stay at the mining camp for the course of a full campaign (time period in which they follow one specific coper line, usually between two weeks and two months). Most of the miners are from the Andes region, coming over to work during the campaign and travel back home afterwards.

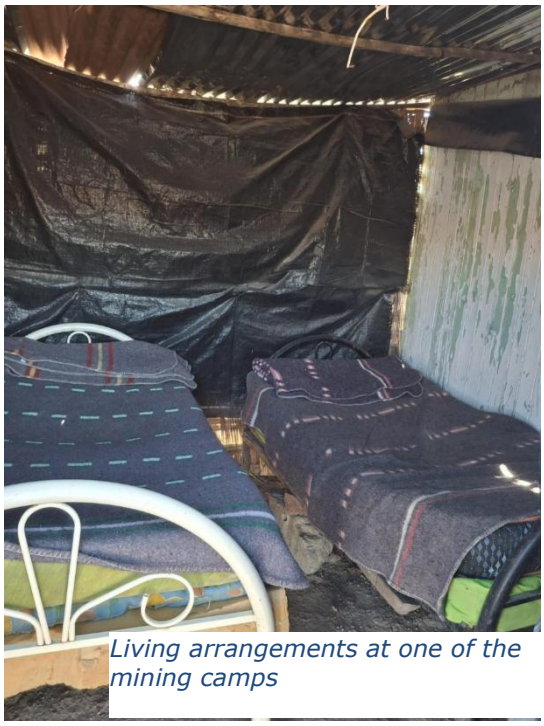
The processing plant visited during the field visit was located in Nasca, where about 30-35 processing plants are located. Most of these plants focus on copper. The plant has two different workstreams: one workstream processes copper from its own concessions and another processes copper from ASCM. The latter is done as a service provider. These are two physically different workstreams.

One of the mining camps

The project partners discussed transparency of the value chain with many different stakeholders, and they all mentioned the same issues. The value chain has many different tiers, with several blind spots. It is known that the copper goes from Nasca to Lima and then to China, but it is unclear what happens then. It became clear that the value chain also differs for ASM or LSM. For instance, some ASM sell the copper directly to the processing plant whereas other ASM use the processing plant as a service provider and themselves make arrangements with a separate buyer. Transportation is often arranged by separate actors, and this is currently a blind spot.

Workers at the processing plant informed the project partners that they never had an ESG audit by any of the buyers or any other downstream actor, nor were they asked for a chain of custody. If this would happen, the processing plant would only be able to provide information on the location of the mines, but not on any RBC issues. This is because the processing plant is not required by law (or by its clients) to conduct a human rights and environmental due diligence on the mines: processing plants only conduct a check when the minerals arrive at their facilities. This is often done with a checklist that focusses on legal and traceability aspects (such as tax ID).

ARM and Copper Mark created an infographic of the ASCM value chain in Peru, which can be found here.



Living arrangements at one of the mining camps

2.1 Social issues

The miners at the visited operations receive a pay that is generally above minimum wage, but the availability of work is more uncertain, as they operate in campaigns that depend on the quality of the veins and the technification of the operation. Contracts include bed and board, although the **living conditions are very poor**. There is a lack of privacy, running water, and reliable electricity. At the processing plant, the living conditions were only shown from the outside and it was unclear if each employee had its own private room. It was noticed however that the living conditions were of higher quality than those at the mining sites. Miners work 8 hours per day and they work every day or six days a week during campaigns, depending on the operator – meaning that they do not have (much) time off during a campaign. Between campaigns miners do not stay in the mining area nor receive remuneration from the operations.

Occupational health and safety measures vary between operations but overall, this is a big problem in ASCM. The project partners observed a lack of proper protective gear such as proper shoes, masks and glasses. At the processing plant workers used more protective gear, but there was a lack of use of masks. While some form of ventilation is provided in the mines, the temperature inside the mines can still become uncomfortably hot due to the physical exertion involved. If any accident were to happen, there is no first aid nearby.

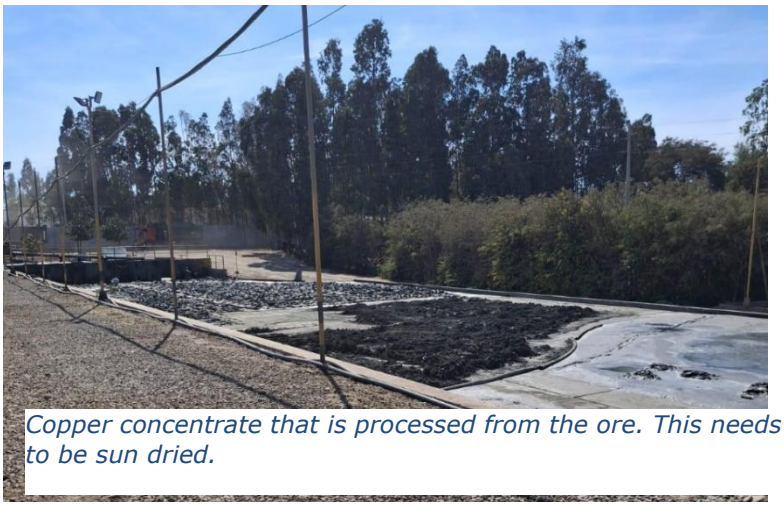
Women are rarely employed for underground work, instead taking on roles outside the mines such as cooking or sorting rocks. No child labor was observed, although children were present in the camps with their parents.

Women separating the copper ores. Behind them one can see the rock waste from the mining operations.

2.2 Environmental issues

The ASCM concession area is located in a very dry area, where little biodiversity was. During the visit, no measures were observed or reported to prevent or mitigate environmental damage. At the mines, waste rock was dumped into the environment.

At the processing plant, the liquid used in the flotation tanks is intended to be organic and harmless; however, the odor was notably strong, and workers mentioned that masks should be worn during handling. After processing, copper is dried on land, with the soil beneath protected by a layer of geomembrane to prevent contamination.



Copper concentrate that is processed from the ore. This needs to be sun dried.

2.3 Systemic issues

There is little official data on ASCM production or economic contribution in Peru, which results in **unfit legislation for this sector and a lack of knowledge with governmental officials about the on the ground reality of ASCM**. The mining legislation, currently under review, is written in line with the focus mostly on large-scale mining companies (LSM). It is therefore often too complex for ASCM to comprehend. There are also language barriers (not all Quechua people, the biggest Indigenous group in Peru, speak Spanish), high illiteracy rates among miners, and an excessive regulatory burden in combination with jurisdiction problem of failing decentralisation. As a result, most ASCM find it too difficult to formalise on their own. Next to this, there is also the question of incentives: it is unclear to miners what they gain by formalising.

Next to that, the current legislative framework and land ownership structures in Peru allow for unfair contracts between LSM and ASM – contributing to an imbalance of power. As a result, there is **a lack of shared responsibility** for the working conditions at the mine sites. The concession contracts do not refer to OHS and living conditions, leaving the sole responsibility with the ASCM. However, LSM often impose contractual requirements on ASCM – such as the obligation to use a specific processing plant – resulting in a lack of money for issues such as OHS.

Moreover, **access for ASCM to capital is limited**. Concession owners may lend money to ASCM operators but often require use of their own processing plants. Sometimes ASCM run out of funds before gathering enough ore, forcing the owner to take personal loans, as banks rarely offer corporate financing to ASCM. Formalization can improve trust with banks reducing stigmatisation and improving access to credit.

Stakeholders emphasized the need for shared responsibility between LSM and ASCM, better access to finance, inclusion of ASCM miners in drafting new laws, and expanding existing funds to support informal miners seeking formalization.

The observations of the field visit were in line with an analysis on ASCM in Peru carried out in 2024 by ARM and the Copper Mark, which can be found here. If you would like to learn more about the copper sector in Peru, the project partners highly recommend reading this document.

Entrance to one of the ASCM

Entrance to the other ASCM. Miners had to walk about 2 kilometers before entering their concession.

3. Due diligence recommendations to downstream companies

The project partners, in consultation with other stakeholders and based on the field visit observations, identified the following recommendations for downstream companies with copper in their supply chain:

Familiarise with the situation on the ground, by reading the *report* produced by ARM and Copper Mark in 2024, and the *policy brief* produced by ARM in July 2025. This can also include engagement with upstream actors and stakeholders.

Engage with suppliers and build long-term relationships with them (risk & impact assessment and addressing impacts). On top of a company's general human rights and environmental due diligence, the partners recommend an enhanced due diligence that focusses on the following risks (please note that these questions and topics should be seen as a starting point for a conversation):

- Transparency. Companies could ask their suppliers the following: *Do you know where your copper is coming from and if ASCM is part of the value chain? If not, to what extend do you currently have insight in your copper value chain, and would it be possible to start asking your supplier for value chain information?*
- Occupational health and safety. This covers the potential lack of protective gear and overall safety in the mines.
- Living conditions at the mining camps.
- Safety of miners' children. This is important to ask, because the mining camps often do not have specific spaces for children to stay while their parents are at work.

- Living wage. This is a remuneration sufficient to afford a decent standard of living for the worker and their family. This is important because in some countries or regions minimum wage is not enough.
- Shared responsibility. This is about the responsibility of each actor operating in the copper value chain, and it is important that each actor takes their responsibility and does not push this responsibility on an actor more up or downstream.
    - Regarding responsibility between LSCM and ASCM, downstream companies could ask their direct suppliers following question: *Do you have visibility of which mines are in your supply chain?* This is of relevance because there is a risk that LSCM operations are forcing ASCM into unfair contracts, leading to environmental and social impacts.
    - Regarding the responsibility between downstream company and their direct suppliers, downstream companies could ask their suppliers the following*: What would you need to be able to conduct HREDD in your copper supply chain?*
- Systemic issues in the copper supply chain. Downstream companies could ask their suppliers the following question: *Do your suppliers and sub-suppliers understand the systemic issues of the local context*? This is important to ask, because those are observations that can feed into understanding the local context and therefore help to better understand the (root) causes of specific environmental and social impacts.

Raise awareness for the impacts of copper mining, especially ASCM. Downstream companies can do this internally and externally:

- Discuss the issue **internally** with procurement and management / board members. For example, companies could develop a map of products it sources or use that contain copper to illustrate the relevance to its employees. This is to raise awareness and to ensure that the responsibility of addressing the issues not only lies with the sustainability department. This could help downstream companies with all steps of their due diligence process.
- Talk about it at **external** events and in meetings with business partners (risk & impact assessment and addressing impacts). Although copper is a crucial resource for the renewable energy sector, its impacts are often unknown.
    - This applies not only to the social & environmental issues in the value chain, but also to the systemic issues observed.

Downstream companies are also encouraged to join multi-stakeholder initiatives and collective impact projects, to address the risks and impacts of the copper value chain. One can think of the following:

- The IRBC Agreement for the Renewable Energy Sector, and in specific:
    - This Peru ASM project.
    - Another collective impact project of the IRBC Agreement, focussing on LSM copper in Peru. This project is carried out by CNV Internationaal (lead), IUCN Netherlands, Stedin, TKF, Alliander, Sunrock and TenneT. The focus of the project is labour rights and environmental issues in the Peru copper sector.
- The Initiative for Responsible Mining Assurance
- The Copper Mark and their wind value chain initiative;

These initiatives and activities will support companies in their efforts to better understand the value chain and complexity of it. It also provides them with insights that are more difficult to get from desk research or by hiring external experts.