Human rights and environmental issues in nickel production in Indonesia

– CASE: Labour rights at the Indonesia Weda Bay Industrial Park (IWIP) in Halmahera

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Image: Nickel processing in IMIP in Morowali, Indonesia. For IMIP see pages 44–48. Image: Rezki alhidayat / Shutterstock

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1. Introduction

Nickel is a metal that is used especially in the production of stainless steel. Nickel increases the potential uses of stainless steel by improving, among other things, its formability and weldability. Approximately 80 percent of all stainless steel contains nickel, and stainless steel production uses up to two-thirds of global nickel production. Other significant uses of nickel include coatings on metal products and various batteries.[1]

The demand for nickel is expected to grow significantly in the future as electrification progresses, and especially as the use of electric vehicles increases[2]. The amount of nickel needed in the battery of one electric car can be tens of kilograms[3]. The demand for batteries is expected to grow strongly for a long time to come, but with the development of battery technology, it is difficult to accurately predict the growth in demand for nickel.[4] For example, manganese, cobalt, iron and aluminium can also be used in lithium-ion batteries whose popularity has increased[5]. However, nickel use in batteries is expected to triple from 2024 to 2030[6]. Nickel was added to the European Union's list of strategically important raw materials in 2023[7].

The world's nickel reserves as well as their production and refining are highly concentrated. In 2021, Europe accounted for just over 10 percent of nickel production, while Asia accounted for over 60 percent.[8] Finland is the largest nickel producer in the European Union[9]. China and Indonesia are largely responsible for nickel production in Asia.

1 Nickel Institute. (n.d.). Stainless steel: The role of nickel. Retrieved 24.9.2025 from: https://nickelinstitute.org/en/nickel-applications/stainless-steel/; Nickel Institute. (n.d.). Nickel applications. Retrieved 25.9.2025 from: https://nickelinstitute.org/en/nickel-applications/

2 On the demand for batteries, see e.g. IEA, (2025). Electric vehicle batteries https://www.iea.org/reports/global-ev-outlook-2025/electric-vehicle-batteries

3 According to the International Energy Agency (IEA), an electric car battery using common NMC battery chemistry contains about 40 kilograms of nickel. See IEA. (5.5.2021). Minerals used in electric cars compared to conventional cars. https://www.iea.org/data-and-statistics/charts/minerals-used-in-electric-cars-compared-to-conventional-cars

4 McKinsey. (17.12.2024). The battery chemistries powering the future of electric vehicles. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/the-battery-chemistries-powering-the-future-of-electric-vehicles

5 See e.g. Benchmark. (11.11.2024). Battery nickel demand set to triple by 2030. https://source.benchmarkminerals.com/article/battery-nickel-demand-set-to-triple-by-2030; IEA. (n.d.). Nickel. Retrieved 24.9.2025 from https://www.iea.org/reports/nickel-2

6 See e.g. Benchmark. (11.11.2024). Battery nickel demand set to triple by 2030. https://source.benchmarkminerals.com/article/battery-nickel-demand-set-to-triple-by-2030; IEA. (n.d.). Nickel. Retrieved 24.9.2025 from https://www.iea.org/reports/nickel-2

7 European Commission. Critical raw materials. Retrieved 21.11.2025 from https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials_en

8 Sumitomo Metal Mining. Annual report 2024, p. 143. https://www.smm.co.jp/en/ir/library/integrated_report/pdf/2024/2024_All_EN.pdf

9 SCRREEN2. (2020). Nickel fact sheet, p. 25. https://scrreen.eu/wp-content/uploads/2023/12/SCRREEN2_factsheets_NICKEL-update.pdf

Indonesia's share of global nickel production is by far the largest and its share has continued to grow in recent years. Although nickel production is concentrated in Indonesia, it is largely in the hands of Chinese companies. Nickel production in Indonesia suffers from numerous sustainability problems: environmental pollution, huge carbon dioxide emissions, and labour rights issues. There is also a veil of opacity over the industry: it is difficult to obtain information about nickel companies and their value chains.

This report examines nickel production in Indonesia. A specific case study focuses on the Chinese steel giant Tsingshan, which has a majority stake in some of Indonesia's largest nickel processing industrial parks. Based on interviews with workers and trade unions, the report includes an analysis of realization of labour rights at the Indonesia Weda Bay Industrial Park (IWIP).

2. Indonesia is the world's largest nickel producer

Indonesia has the world's largest nickel reserves.[10] Indonesia has significantly increased its nickel production in recent years, and its mines now produce almost 60 percent of all nickel.[11]

Indonesia's importance in the nickel market has increased even more as other major producers — Australia, the Philippines and New Caledonia — have significantly reduced their production between 2023 and 2024, and Russian nickel has been subject to sanctions imposed by the United States and Great Britain. Indonesia, on the other hand, has exported so much nickel that it has led to a decline in the global price of nickel.[12]

The increase in nickel production and refining in Indonesia has not been a coincidence, but a consequence of industrial policy actively pursued in Indonesia. Indonesia's former Prime Minister, Joko Widodo, who ended his term in 2024, strongly pushed for growth in the country's mining industry and an increased refining rate. Widodo's policy, so called resource nationalism, has been successful in increasing income from nickel: in 2022, the value of Indonesia's nickel exports had increased more than tenfold compared to 2013.[13]

10 Stainless Steel World. (2022). An overview of world nickel resources. Retrieved 21.11.2025 from https://stainless-steel-world.net/an-overview-of-world-nickel-resources/

11 U.S. Geological Survey, (2025). Mineral Commodity Summaries, p. 125. https://pubs.usgs.gov/periodicals/mcs2025/mcs2025-nickel.pdf

12 Ibid.

13 See e.g. Warburton, E. (20.8.2024). Looking back at Jokowi's decade of resource nationalism. Retrieved 21.11.2025 from https://www.lowyinstitute.org/the-interpreter/looking-back-jokowi-s-decade-resource-nationalism

The rapid growth of mining continues at the time of writing this report. Listed mining companies in Indonesia alone have stated that they aim to double their nickel production in the coming years.[14]

Numerous nickel ore processing companies have developed around the mining industry in Indonesia. At the end of 2024, there were 54 nickel smelters operating in Indonesia and more than 120 smelters were under construction. The number of smelters has grown so rapidly that there have been fears that they will exhaust Indonesia's nickel reserves.[15] Nickel refining has also been accelerated through an active industrial policy. Between 2014 and 2019, Indonesia gradually banned the export of nickel ore in an attempt to accelerate refining activities in Indonesia.[16]

As a result of the policy, Indonesia now has a huge number of companies operating not only in primary nickel production but also in its refining. The US-based China Global South project maintains the Nickel tracker database, which tracks Indonesian nickel production and refining[17]. The database lists commercial nickel projects planned or underway in Indonesia. As of October 2025, the database listed 368 projects, most of which were Indonesian-owned and the second most were Chinese-owned[18].

However, researchers who have mapped the Indonesian nickel industry have noted that the ownership structures of the companies are often very complex, to the point that the blurring of the nationality of the owners can be seen as intentional. In its own beneficial ownership study, the C4ADS organization has shown that Chinese companies and other Chinese shareholders control at least 75 percent of Indonesia's nickel refining capacity.[19] In recent years, Indonesia has become increasingly aware of the lack of transparency in companies exploiting natural resources, and has updated legislation on beneficial ownership data.[20] Companies listed on the Indonesian stock exchange, which include four nickel companies, are more transparent in terms of their ownership structure and financial

14 IEEFA. (24.10.2024). Indonesia's nickel companies: The need for renewable energy amid increasing production. Retrieved 21.11.2025 from https://ieefa.org/resources/indonesias-nickel-companies-need-renewable-energy-amid-increasing-production

15 Indonesia Business Post. (24.10.2024). Indonesia's nickel reserves may end in 4 to 5 years. Retrieved 21.11.2025 from https://indonesiabusinesspost.com/2939/investment-and-risk/indonesias-nickel-reserves-may-end-in-4-to-5-years

16 IEA. (updated on 19.3.2024). Prohibition of the export of nickel ore. Retrieved 25.9.2025 from https://www.iea.org/policies/16084-prohibition-of-the-export-of-nickel-ore

17 More information on China Global South -project, see https://chinaglobalsouth.com/about-cap/

18 China Global South. Data. Retrieved 6.10.2025 from https://nickel.chinaglobalsouth.com/data

19 C4ADS. (4.2.2025). Refining Power. Retrieved 6.10.2025 from https://c4ads.org/commentary/refining-power/

20 Assegaf Hamzah & Partners. Indonesia Updates Beneficial Ownership Disclosure Rules: Major Changes that Will Affect Every Business. Retrieved 6.10.2025 from https://www.ahp.id/indonesia-updates-beneficial-ownership-disclosure-rules-major-changes-that-will-affect-every-business/#:~:text=2%20of%202025%20on%20the,replacing%20MOLHR%20Regulation%2021%2F2019

information. These companies account for about a quarter of Indonesia's nickel production.[21]

As nickel production and refining activities have increased, huge industrial parks have been built in Indonesia. On a global scale, the largest of these is Indonesia Morowali Industrial Park (IMIP), majority-owned by Chinese steel giant Tsingshan Holding Group, which focuses on nickel refining. IMIP is located in Morowali, Central Sulawesi. Tsingshan also owns another industrial park in Indonesia, Indonesia Weda Bay Industrial Park (IWIP) in the North Moluccas. The world's largest nickel mine, Weda Bay Nickel (WBN), operates in conjunction with IWIP. Tsingshan is also WBN's largest owner.[22]

This report examines the human rights and environmental risks associated with Indonesian nickel mining and processing in Indonesia's main nickel production and processing areas. The above-mentioned Chinese company Tsingshan Holding Group, one of the most significant players in the Indonesian nickel sector, has been selected for closer examination. The report includes a survey based on employee interviews on the implementation of labour rights in the nickel operations of Tsingshan's IWIP industrial park in the Weda Bay area, North Maluku province, Indonesia. Based on a literature review, labour rights are also examined in Tsingshan's other industrial park, IMIP.

2.1 Nickel processing produces significant amount of emissions and waste, human rights risks are common

Indonesia's nickel reserves are largely laterite reserves, typical of tropical regions, and formed as a result of chemical weathering.[23] As nickel sulphite reserves with higher nickel content are decreasing globally, the use of nickel laterite has increased significantly. In 1950, only 20 percent of nickel was produced from laterite reserves, while today the percentage has increased to 70 percent[24].

Nickel ore from laterite deposits has traditionally been refined into nickel pig iron, which has a low nickel content. Nickel pig iron has been used in particular in the Chinese steel industry.[25]

21 Peh, Ghee. (24.10.2024). Institute for energy economics and financial analysis. Indonesia's nickel companies: The need for renewable energy amid increasing production https://ieefa.org/resources/indonesias-nickel-companies-need-renewable-energy-amid-increasing-production

22 Weda Bay Nickel. Governance. Retrieved 16.10.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/about-us/governance/

23 Nickel Institute. (3.5.2024). Nickel industry - Part 1 - Processing nickel laterites and sulfides. Retrieved 25.11.2025 from https://nickelinstitute.org/en/blog/2024/may/nickel-industry-part-1-processing-nickel-laterites-and-sulfides

24 Zhen-fang, Z., Wei-bo, Z, et al. (2025). Nickel extraction from nickel laterites: Processes, resources, environment and cost https://doi.org/10.31035/cg2024124

25 Grand View Research. (2025). Nickel Pig Iron Market (2025 - 2030) https://www.grandviewresearch.com/industry-analysis/nickel-pig-iron-market-report

Technology has been introduced in Indonesia and other producing countries to refine ore from laterite reserves into products with higher nickel content. The most traditional laterite ore refining process is the rotary kiln - electric furnace (RKEF) process, which produces higher-quality ferronickel, which is mainly used in the production of stainless steel. The refining method requires high temperatures of 850–1600 degrees Celsius. It causes significant amounts of carbon dioxide emissions, as the energy used for the process is produced with coal in Indonesia.[26] A typical production plant using the RKEF process in Indonesia produces approximately 60–70 tons of carbon dioxide per ton of nickel equivalent[27].

In recent years, the HPAL process (high pressure acid leaching) has risen rapidly in popularity alongside the RKEF process (rotary kiln electric furnace). The HPAL process produces refined products specifically for the needs of the battery industry[28]. In the HPAL process, laterite ore is heated under pressure to a temperature of 250–270 degrees

Nickel production in Indonesia is associated with environmental and human rights risks. The picture shows mining operations in Halmahera.

26 Zhen-fang, Z., Wei-bo, Z, et al. (2025). Nickel extraction from nickel laterites: Processes, resources, environment and cost. https://doi.org/10.31035/cg2024124; Andersson, John. (11.4.2023). Are days numbered for Indonesia's kilns? https://www.skarnassociates.com/insights/indonesia

27 Andersson, J. (11.4.2023)

28 Ibid.

Celsius together with sulfuric acid.[29] In the process, nickel and cobalt are separated from nickel ore, resulting in a hydroxide precipitate (MHP). Among other things, MHP is used as a raw material in the battery industry (see Chapter 2), more specifically in the production of nickel sulfate. The production of MHP in the HPAL process is energy-intensive and, when fossil energy is used, also produces a lot of carbon dioxide emissions, estimated at around 10–30 tons of carbon dioxide per ton of nickel equivalent[30]. For example, in Finland, Terrafame produces nickel sulfate using a bioleaching method, which, according to a calculation commissioned by the company, has a carbon footprint that is 60 percent lower than that of conventional production technologies[31]. Nevertheless, the HPAL process is often promoted as more climate-friendly. For example, the electric car company Tesla states in its sustainability reports that it promotes the use of the HPAL process in its nickel supply chain[32].

The European Union has sought to address the high carbon footprint of Asian nickel and steel production through the carbon border adjustment mechanism (CBAM). During the 2023-2025 transition period, importers have had to report emissions from products in scope of the mechanism[33]. Nickel itself is not covered by the mechanism, but certain iron and steel products containing nickel, such as ferronickel and nickel pig iron, are[34].

From 2026, importers under CBAM will have to pay a fee corresponding to emissions, the price level of which is determined by the EU emissions trading scheme. However, the fee takes into account any emissions fees already collected in the country of manufacture. Indonesia has introduced a national emissions trading scheme, initially covering coal-

29 Kemppainen P., Hakala I. ja Laitinen J., (2022), Arvokkaat metallit talteen jätteistä ja metallien sivuvirroista tasavirtavalokaariuunilla dc eaf -teknologialla. https://cc.oulu.fi/~kamahei/m/477427A/Valimoviesti-2022-Arvokkaat_metallit_DC-VKU.pdf; Zhen-fang, Z., Wei-bo, Z, et al. (2025). Nickel extraction from nickel laterites: Processes, resources, environment and cost. https://doi.org/10.31035/cg2024124

30 Estimates of emissions range from 10–20 tonnes (see Andersson, J. 2023. Are days numbered for indonesia's kilns?, available at https://www.skarnassociates.com/insights/indonesia) to 30 tons per nickel equivalent (see e.g. MHP from recycled used electric vehicle batteries offers a new sustainable and low carbon source of nickel and cobalt for the electrified battery supply chain, https://altilium.tech/2023/01/24/mhp-from-recycled-used-electric-vehicle-batteries-offers-a-new-sustainable-and-low-carbon-source-of-nickel-and-cobalt-for-the-electrified-battery-supply-chain/)

31 Terrafame. Kestävyysraportti 2024, p. 10. https://www.terrafame.fi/media/mediamateriaali/raportointi/kestavan-kehityksen-katsaukset/fin/terrafame_kestavyysraportti_2024.pdf

32 Tesla. Impact report 2023, p. 121. https://www.tesla.com/ns_videos/2023-tesla-impact-report-highlights.pdf; Tesla. Impact report 2024, p. 168. https://www.tesla.com/ns_videos/2024-extended-version-tesla-impact-report.pdf

33 The mechanism covers iron and steel goods, fertilizers, aluminium and cement goods, as well as hydrogen and electricity. Finnish customs. (n.d.). Hiilirajamekanismi (CBAM). Retrieved 17.10.2025 from: https://tulli.fi/hiilirajamekanismi

34 Nickel Institute. (8.9.2023). Ferronickel and NPI importers to the EU: get ready for the EU Carbon Border Adjustment Mechanism and its data collection and submission requirements. https://nickelinstitute.org/en/blog/2023%E5%B9%B4/september/ferronickel-and-npi-importers-to-the-eu-get-ready-for-the-eu-carbon-border-adjustment-mechanism-and-its-data-collection-and-submission-requirements/; Finnish customs. (18.1.2024). CBAM-webinar, Rauta ja teräs. Presentation. https://tulli.fi/documents/162752825/203342608/Asiakastilaisuus+18.1.2024+Rauta+ja+ter%C3%A4s.pdf/8e94a780-5147-387d-b980-9348288306dd/Asiakastilaisuus+18.1.2024+Rauta+ja+ter%C3%A4s.pdf?t=1708422515850

fired electricity generation[35]. However, the implementation of the scheme has been challenging, as both coverage and price level have remained modest[36].

In addition to greenhouse gas emissions, the HPAL process, which has become widespread in Indonesian nickel production, produces large amounts of waste. It is estimated that for every tonne of nickel the HPAL process produces 150–200 tonnes of waste[37].

Since Indonesia announced that it will no longer permit mining waste to be disposed of in the ocean, companies have had to develop waste treatment facilities on land. However, extreme weather events and increasing rainfall caused by climate change pose increasing challenges for tailings ponds, whose flooding, rupture and landslides are major environmental risks.[38] Indonesia's nickel processing areas are also located in seismically active areas[39]. To reduce risks and the land required, many operators using the HPAL process dry and landfill the waste. The emissions and costs of transporting the waste mass, as well as pollutants leaking from the mass into waterways, are still common problems. Even greater problems exist for operators who purchase the ore they use from outside and cannot use the neutralized waste mass to fill their own or their partner's mining area.[40] In Indonesia, the pollutants released by the waste and the deforestation caused by its storage also breach the human rights of the local population and threaten their livelihoods.[41]

The human rights risks associated with nickel production in Indonesia are increased by the large number of indigenous peoples and violations of their land rights. In 2016, Indonesia began a process, stemming from a Supreme Court ruling, to return to indigenous peoples the rights to land that had previously been taken over by the state. According to Indonesia's Indigenous Land Registration Authority, 33.6 million hectares of communal indigenous land had been registered in Indonesia as of August 2025. Only about 6.4 mil-

35 International Carbon Action Partnership. (n.d.). Indonesian Economic Value of Carbon (Nilai Ekonomi Karbon) Trading Scheme. Retrieved 17.10.2025 from: https://icapcarbonaction.com/en/ets/indonesian-economic-value-carbon-nilai-ekonomi-karbon-trading-scheme

36 Institute for Energy Economics and Financial Analysis. (15.10.2025). Briefing Note Climate Finance Carbon Tax Decarbonization Asia Indonesia Two years after launch, Indonesia's carbon market struggles to find momentum. https://ieefa.org/resources/two-years-after-launch-indonesias-carbon-market-struggles-find-momentum

37 Zhen-fang, Z., Wei-bo, Z, et al. (2025). Nickel extraction from nickel laterites: Processes, resources, environment and cost. https://doi.org/10.31035/cg2024124

38 Wood Mackenzie, https://www.woodmac.com/news/opinion/rise-of-indonesian-hpal/; Some mining companies operating in Indonesia have also reported that extreme weather events caused by climate change pose financial risks to them, see e.g. Eramet, Consolidated Financial Statements 2024, p. 11, https://www.eramet.com/wp-content/uploads/2025/02/2025-02-19-Eramet-Consolidated-financial-statements-as-at-31-December-2024.pdf

39 AEER, HPAL Technology in the Nickel Industry: A New Challenge for Indonesia's Environment. Retrieved 10.11.2025 from:https://www.aeer.or.id/en/hpal-technology-in-the-nickel-industry-a-new-challenge-for-indonesias-environment/

40 Fisher, Harry; Grossi, Bruna. (7.7.2023). Overcoming mining waste issues will be key to Indonesia's nickel ambitions. Retrieved 25.11.2025 from https://source.benchmarkminerals.com/article/opinion-overcoming-mining-waste-issues-will-be-key-to-indonesias-nickel-ambitions

41 See e.g. AEER. HPAL Technology in the Nickel Industry: A New Challenge for Indonesia's Environment. Retrieved 25.11.2025 from https://www.aeer.or.id/en/hpal-technology-in-the-nickel-industry-a-new-challenge-for-indonesias-environment/

lion hectares of this land has been recognized and legally protected at both the state and local government level.[42] Indonesia has been criticized for denying indigenous peoples' land rights and violating free, prior and informed consent (FPIC), especially in mining projects[43].

In recent years, Indonesia has also been struggling with workers' rights. In 2023, the so-called omnibus law was passed, which weakened environmental protection, workers' and indigenous peoples' rights, and accelerated the permitting processes for various industrial projects. The law was justified by the need to create more jobs in Indonesia. The law has met with widespread opposition among Indonesian workers. The trade union movement has argued that the dismantling of the legislation promotes "flexibility" in the workforce at the expense of workers' fundamental rights. Key concerns raised by the unions have included the abolition of sector-specific minimum wages, wage cuts, and the enabling the use of more fixed-term contracts at the expense of permanent employment contracts. The law also allows employers to not pay wages for women on maternity leave, allows for long working hours, and facilitates dismissals without negotiation. The trade union movement took the omnibus law to Indonesia's Constitutional Court. In an October 2024 court ruling, the Indonesian government was ordered to replace some of the provisions of the omnibus law with new laws that better protect workers' rights within two years.[44]

The environmental and human rights risks of Indonesia's nickel production are exacerbated by widespread corruption in the country. Indonesia ranks 99th in Transparency International's corruption index (compared to Finland's 2nd).[45] Numerous cases of corruption have been reported in connection with permits issued by both the central and local governments.[46]

In 2020, Indonesia amended its mining law and, as a rule, removed the granting of mining permits from local governments. In 2025, mining legislation was transferred even more firmly under central government control[47].

42 BRWA. (9.8.2025). Hari Internasional Masyarakat Adat Sedunia – status pengakuan wilayah adat di Indonesia. https://brwa.or.id/assets/image/rujukan/1754885406.pdf

43 See e.g. OHCHR. (4.11.2025). Indonesia must recognise Indigenous Peoples and consider them partners for national development: UN experts. https://www.ohchr.org/en/press-releases/2025/11/indonesia-must-recognise-indigenous-peoples-and-consider-them-partners

44 ITUC. (5.11.2024). Indonesian workers celebrate landmark victory as Constitutional Court orders crafting new labour legislation. Retrieved 25.11.2025 from https://www.ituc-ap.org/news-and-updates/indonesian-workers-celebrate-landmark-victory-as-constitutional-court-orders-crafting-new-labour-legislation

45 Transparency International, Corruption perceptions index – Indonesia. Retrieved 17.10.2025 from https://www.transparency.org/en/cpi/2024/index/idn

46 Transparency International Indonesia. (2024). Nickel Mining Industry: Structural Corruption & The Multidimensional Impact – Case Study in East & Central Halmahera https://ti.or.id/wp-content/uploads/2024/09/Industri-Keruk-Nikel_ENG_compressed.pdf

47 Mining Regulatory Reform under the Prabowo Government. (21.5.2025). Retrieved 17.10.2025 from https://www.hbt-law.com/insights/2025-05/mining-regulatory-reform-under-prabowo-government

2.2 Nickel production areas in Indonesia

Indonesia's nickel reserves are mainly concentrated in the Sulawesi region and the island of Halmahera in the North Moluccas. Small amounts of nickel are also mined in the province of Papua, the island of New Guinea in the territory of the Indonesian state[48]. Nickel refining activities also occur on the island of Java, the province of Banten and East Kalimantan.[49]

The following subsections discuss in more detail the environmental and human rights risks of the nickel industry and the already realised adverse impacts in Indonesia's main nickel production areas of Sulawesi and the Moluccas.

2.2.1 Sulawesi

Located on the equator, Sulawesi is a large island that belongs entirely to the Indonesian state. Sulawesi is divided into six different provinces, of which the most nickel production and refining activities are in the provinces of Southeast and Central Sulawesi. A database maintained by the China Global South Project lists over 200 nickel mining and refining projects already underway or planned for the two provinces.[50]

Nickel ore in Sulawesi, Indonesia.

48 See e.g. Nickel Industries. (23.9.2024). Siduarsi project acquisition of 51% and initial mineral resource. Retrieved 17.10.2025 from https://nickelindustries.com/carbon/assets/0007e8/000009/2780971.pdf

49 China Global South Project. Retrieved 25.11.2025 from https://nickel.chinaglobalsouth.com/?maps=true

50 Ibid.

Sulawesi is a mountainous and biodiversity-rich region. The dense location of nickel mines and refining operations in the region is challenging, as both the nickel mines and the waste generated by the HPAL process commonly used in nickel refining and their storage require large areas of land.[51] The conversion of areas for nickel production has led to deforestation. The deforestation database maintained by the Global Forest Watch shows the nickel mining and refining areas of Northeast and Southeast Sulawesi as red areas for deforestation. However, the greatest cause of deforestation in Sulawesi and throughout Indonesia is agriculture.[52]

Sulawesi is located in a seismically active region at the intersection of moving continental plates[53]. The region also experiences heavy rainfall; landslides and floods are common in many parts of Sulawesi. Climate change is expected to further increase the damage caused by extreme weather events in the region.[54] Deforestation and erosion caused by mining activities are adding to the damage caused by extreme weather events.

Sulawesi is home to a large number of indigenous peoples, and in 2023 it was estimated that there were over 1.7 million hectares of indigenous land on the island.[55] Of the estimated 1.7 million hectares of indigenous land in Sulawesi, only 600,000 hectares had been officially confirmed as of 2023[56], which has drawn criticism. For example, the Wana people of Central Sulawesi, who are affected by nickel mining projects, spent years preparing an application, and were ultimately granted rights to only a quarter of the indigenous land.[57]

Most of Sulawesi's indigenous lands are located in the central part of the island, while nickel mining and related processing are mostly located on the coast. However, tensions between mining and indigenous rights have not been avoided in Sulawesi. For example, on Kabaena Island in Southeast Sulawesi, the indigenous Bajo people have suffered from problems caused by nickel production. Sewage has flooded the community's villages, and the waste has permanently altered the coastal areas and their biodiversity that are

51 See e.g. Wood Mackenzie. (4.4.2023). The rise and rise of Indonesian HPAL – can it continue?. Retrieved 25.11.2025 from https://www.woodmac.com/news/opinion/rise-of-indonesian-hpal/

52 Global Forest Watch. Indonesia. Retrieved 17.10.2025 from https://www.globalforestwatch.org/dashboards/country/IDN/?category=summary

53 Patria, A, Natawidjaja, D et al. (2023). Tectonic landform and paleoseismic events of the easternmost Matano fault in Sulawesi, Indonesia. https://doi.org/10.1016/j.tecto.2023.229762

54 UNEP. Interactive country fiches – Indonesia. Retrieved 25.11.2025 from https://dicf.unepgrid.ch/indonesia/climate-change

55 KBR. (9.8.2023). BRWA Ungkap Hanya 3,73 Juta Hektare Wilayah Adat Telah Diakui Pemda. Retrieved 25.11.2025 from https://kbr.id/articles/ragam/brwa-ungkap-hanya-3-73-juta-hektare-wilayah-adat-telah-diakui-pemda

56 Ibid.

57 Rainforest Journalism. Yeung, Peter. (4.8.2023). 'People of the Forest': Indigenous Indonesians Stake Claim to Land. Retrieved 25.11.2025 from https://rainforestjournalismfund.org/stories/people-forest-indigenous-indonesians-stake-claim-land

important to the Bajo people. Two thirds of the entire island is reserved for mining, and some of the permits also extend into protected forests used by the indigenous people.[58] According to reports, the mining companies operating on Kabaena Island, PT Anugrah Harisma Barakah (AHB) and PT Tonia Mitra Sejahtera (TMS), also supply nickel ore to the IMIP industrial park in Central Sulawesi, which is majority-owned by Tsingshan, discussed on page 44 of this report.[59]

In Southeast Sulawesi, the indigenous Mopute people are opposing the construction of the Indonesia Konawe Industrial Park (IKIP). The conflict is rooted in a permit issued by Indonesian authorities to mine 4,000 hectares of indigenous land for MBMA, a nickel ore supplier to IKIP. In 2022, the Mopute people did not accept the company's compensation for the land, and the company has not obtained their prior free and informed consent (FPIC) for the use of the land, according to the Mopute people. Communities are now concerned about the turbidity of waterways after mining operations began and the fact that the industrial park is located on the ancestral burial grounds of the Mopute people.[60] The Chinese Tsingshan, which is examined in more detail in this report (see Chapter 3), is also a majority owner of the IKIP industrial park[61].

Local relations between mining and indigenous peoples are also strained by old unresolved land conflicts. The dispute between the mining company Vale and the Karonsi'e Dongi people over their rights to land owned by the mining company, which began in the 1960s, continues in the Sorowako mine area in Sulawesi. The Karonsi'e Dongi have refused to move to the village they were assigned to and have remained living in an informal settlement near the mine without running water or electricity. Vale does not recognize all the residents as indigenous people and considers the settlement illegal.[62]

Conflicts between nickel mines and local populations are not limited to indigenous peoples. Erosion and mudslides caused by nickel mines, dust from processing operations, flooding of tailings ponds and other problems typical of the industry have strained the relationship between mines and communities in Sulawesi. For example, the operation of the PT Huadi Nickel-Alloy Indonesia nickel smelter in the Bantaeng industrial area of

58 Mongabay. Salman, Riza. (24.5.2025). Indigenous Bajo suffer child deaths & toxic sludge amid green energy push. Retrieved 25.11.2025 from https://news.mongabay.com/2025/05/indigenous-bajo-suffer-child-deaths-toxic-sludge-amid-green-energy-push/

59 Satya Bumi. (28.1.2025). Bagaimana Demam Nikel Menghancurkan Pulau Kabaena dan Ruang Hidup Suku Bajau? https://satyabumi.org/demam-nikel-kabaena-bajau/

60 Global Atlas of Environmental Justice. (updated on 11.3.2024). Indonesia Konawe Industrial Park (IKIP), Indonesia. Retrieved 25.11.2025 from https://ejatlas.org/conflict/indonesia-konawe-industrial-park-ikip-indonesia

61 Merdeka Battery. Overview. Retrieved 31.12.2025 from https://merdekabattery.com/en/company/about

62 See e.g. Global Atlas of Environmental Justice. (updated on 29.6.2023). Karonsi'e Dongi people and Vale mine in Sorowako, Sulawesi, Indonesia. Retrieved 25.11.2025 from https://ejatlas.org/conflict/karonsie-dongi-people-and-vale-mine-in-sorowako-sulawesi-indonesia, Regarding Vale's views see e.g. Vale. Response on 19.8.2019 to Business and Human Rights Resource Center https://media.business-humanrights.org/media/documents/files/documents/Vale_Base_Metals_BHRRC_2019.pdf

South Sulawesi has sparked protests. Villagers near the industrial area have complained about dust from the nickel smelter and dried-up wells. The smog caused by the dust is said to plague residential areas from morning to night. The dust covers everything, including food crops grown in the area. According to a report by a local NGO, dozens of wells in the area have dried up since PT Huadi began operations in 2018. Communities report health problems, such as prolonged coughing and constant noise.[63]

Sulawesi also includes small islands that are protected by special legislation in Indonesia. According to Indonesian law, mining activities are not allowed on islands smaller than 2,000 square kilometres. In 2024, mining company Antam sought a new interpretation of the legislation from Indonesia's Constitutional Court. Antam had wanted to start nickel mining operations on Wawonii Island in Southeast Sulawesi, where the company had a mining reserve of 1,800 hectares. However, the court did not change the interpretation of the law.[64]

2.2.2 Moluccas

The Moluccas Islands, consisting of the provinces of Moluccas and North Moluccas, are another of the main nickel producing areas in Indonesia. The database maintained by the China Global South Project lists over 70 nickel projects in the Moluccas region[65]. Mining is particularly active in North Moluccas province, which contains over 30 percent of Indonesia's major nickel reserves[66]. On the largest island in the region, Halmahera, in the Central Halmahera administrative region, up to 60 percent of the area is reserved for mining[67].

The Moluccas region is home to several indigenous peoples, and in 2023 it is estimated that there will be just under 0.3 million hectares of land in the Moluccas under indigenous use. Of these, only about 59,000 hectares have been officially confirmed for indigenous use.[68] The fact that the Indonesian state has not confirmed the land rights of indigenous peoples, but has declared common land areas as state lands, has directly increased land conflicts in Halmahera[69].

63 Rusdianto, Eko. (17.11.2022). Sulawesi nickel plant coats nearby homes in toxic dust. Mongabay. Retrieved 25.11.2025 from https://news.mongabay.com/2022/11/sulawesi-nickel-plant-coats-nearby-homes-in-toxic-dust/

64 Forest Watch Indonesia. (27.3.2024). The decision of the constitutional court (MK): Momentum for Enhancing Mining Management on Small Islands in Indonesia. Press release. Retrieved 31.12.2025 from https://fwi.or.id/en/mining-management-on-small-islands-in-indonesia/

65 China Global South Project. Retrieved 25.11.2025 from https://nickel.chinaglobalsouth.com/?maps=true

66 The Ministry of Energy and Mineral Resources. 2020. Peluang investasi nikel Indonesia, p. 15 https://www.esdm.go.id/assets/booklet/tambang-2020/Booklet-Nikel-FA.pdf

67 Belseran, Christ. (6.12.2022). Ketika Tambang Nikel 'Kuasai' Hutan Halmahera Tengah. Mongabay. https://www.mongabay.co.id/2022/12/06/ketika-tambang-nikel-kuasai-hutan-halmahera-tengah/

68 KBR. (9.8.2023). BRWA Ungkap Hanya 3,73 Juta Hektare Wilayah Adat Telah Diakui Pemda, https://kbr.id/articles/ragam/brwa-ungkap-hanya-3-73-juta-hektare-wilayah-adat-telah-diakui-pemda#google_vignette

69 Climate Rights International. (2024). Nickel Unearthed – The Human and Climate Costs of Indonesia's Nickel Industry. Report available at https://cri.org/reports/nickel-unearthed/

The region is also home to indigenous peoples living entirely in voluntary isolation, who have been feared to be negatively affected by nickel mining and related deforestation. For example, the IWIP industrial park in Halmahera, which is discussed in more detail in Chapter 3 of this report, has been reported to have affected the isolated O'hongana Manyawa indigenous people. European companies Basf and Eramet decided against the Sonic Bay mining expansion project planned for IWIP in 2024[70] after criticism of the violations of indigenous people's rights mounted.[71] A proposal has emerged in Indonesia to establish so-called no-go zones specifically to protect isolated indigenous peoples[72].

Nickel mining and processing activities on Halmahera Island have grown exponentially, which is also reflected in the population of Central Halmahera. The population of the Central Halmahera administrative region has grown from just under 57,000 people in 2020[73] to over 106,000 people in 2025[74]. The infrastructure in the region has not been developed to match the rapidly growing population. Problems and accidents are caused by the poor condition of the roads and the increase in waste[75]. The gender distribution in the region has also changed. The proportion of men in the population (67,500 people) is significantly higher than that of women (39,000 people). This is probably due at least in part to the fact that more men from outside the region are being recruited to nickel industry companies. These phenomena were also visible in the field research conducted for this report (see subchapters in Chapter 3).

The explosion of economic activity has also fuelled corruption in the region. Transparency International Indonesia and media sources have reported that several decision-makers are involved in the mining operations in Halmahera and thus benefit directly from them[76].

70 Basf. (24.6.2024). BASF decides against investment in nickel-cobalt refining complex in Indonesia. Retrieved 25.11.2025 from https://www.basf.com/global/en/media/news-releases/2024/06/p-24-224

71 Jong, Hans Nicholas. (1.6.2024). BASF, Eramet drop $2.6b Indonesian nickel project that threatens isolated tribe. Mongabay. Retrieved 25.11.2025 from https://news.mongabay.com/2024/07/basf-eramet-drop-2-6b-indonesian-nickel-project-that-threatens-isolated-tribe/

72 LaNyalla Center. (18.6.2024). Terkait Pernyataan tentang Perlindungan Orang Tobelo Dalam, Direktur International Survival Asia Temui Ketua DPD RI. Retrieved 25.11.2025 from https://lanyallacenter.id/terkait-pernyataan-tentang-perlindungan-orang-tobelo-dalam-direktur-international-survival-asia-temui-ketua-dpd-ri/

73 City population. Halmahera Tengah. Retrieved 25.11.2025 from https://www.citypopulation.de/en/indonesia/admin/maluku_utara/8202__halmahera_tengah/

74 Kabupaten halmahera tengah dalam angka. (2025). Halmahera Tengah Regency in Figures 2025. Volume 17, 2025, p. 43. https://haltengkab.bps.go.id/en/publication/2025/02/28/c28313c4d0c01394ca7e3288/halmahera-tengah-regency-in-figures-2025.html

75 See e.g. AEER. (1.8.2023). Nickel Mining in Central Halmahera: Piling Trash, Diminished Water Quality, and Displaced Communities. Retrieved 28.11.2025 from https://www.aeer.or.id/en/nickel-mining-in-central-halmahera-piling-trash-diminished-water-quality-displaced/

76 Transparency International Indonesia. (2024). Nickel Mining Industry: Structural Corruption & The Multidimensional Impact – Case Study in East & Central Halmahera. https://ti.or.id/wp-content/uploads/2024/09/Industri-Keruk-Nikel_ENG_compressed.pdf; Tempo. (8.3.2024). Minister Bahlil's Grease Money. Retrieved 14.10.2025 from https://en.tempo.co/read/1842370/minister-bahlils-grease-money

Transparency International has also highlighted a number of other governance risks related to the nickel industry, which is dominated by Chinese companies. According to the organization, for example, shortcomings in the participation and consultation of local populations are a significant problem. Indonesia also tries to silence criticism from civil society, for example by invoking legal provisions such as data protection legislation.[77]

Another significant problem is the lack of beneficial ownership information and the fact that ownership is hidden in a chain of shell companies. Mining companies and their direct owners may at first glance appear Indonesian, but in reality, the companies are controlled by foreign, often Chinese, actors.[78] The problem is particularly acute in Halmahera, where the nickel industry value chains are in many ways linked to Chinese-owned industrial parks and the Chinese companies operating in them.

Weak governance and corruption are also evidenced by the fact that numerous cases of land grabbing have also been reported in connection with mines operating in the North Maluku Islands. Land has been acquired from the local population under pressure or has not been properly compensated for.[79] One of the administrative reasons for land disputes in the Maluku Islands has been attributed to shortcomings in the availability of public land tax values and the fact that residents have not received official information about the value of their land. In Indonesia, tax values have been determined and published for developed areas such as the island of Java, but such values have not been available for less developed areas such as the Maluku Islands.[80]

In addition to Halmahera, nickel mining permits have also been granted for the much smaller islands belonging to the Maluku Islands. On small islands, reconciling nickel mining and refining operations with local communities and environmental protection has proven to be extremely challenging. On Gebe Island, for example, indigenous people accuse nickel mining of polluting the environment and thereby endangering the population's food security.[81] On Obi Island, organizations have reported on the destruction of

77 Transparency International. (2025). Smelters and strategic parks: China's role in Indonesia's nickel value chain. https://mining.transparency.org.au/wp-content/uploads/2025/10/TIA_Indonesia_Case_Study_202510_ENG.pdf

78 Transparency International. (2025). Smelters and strategic parks: China's role in Indonesia's nickel value chain https://mining.transparency.org.au/wp-content/uploads/2025/10/TIA_Indonesia_Case_Study_202510_ENG.pdf

79 See e.g. Muazam, Achmad Rizki. (10.9.2025). Maluku coconut growers cry crisis as Indonesia land-grabs feed energy transition. Mongabay. Retrieved 14.10.2025 from https://news.mongabay.com/2025/09/maluku-coconut-growers-cry-crisis-as-indonesia-land-grabs-feed-energy-transition/

80 CRI (2024). Nickel Unearthed – The Human and Climate Costs of Indonesia's Nickel Industry s. 26. https://cri.org/reports/nickel-unearthed/

81 Barends, Jaya. (11.3.2025). Nickel miners dig up Indonesia's Gebe Island despite Indigenous and legal opposition. Mongabay. Retrieved 27.11.2025 from https://news.mongabay.com/2025/03/nickel-miners-dig-up-indonesias-gebe-island-despite-indigenous-and-legal-opposition/

marine ecosystems, contamination of springs, air pollution, and land disputes.[82] Water analyses commissioned by The Guardian newspaper from a spring used for drinking water on Obi Island found harmful levels of hexavalent chromium, a highly carcinogenic substance. In a follow-up story published in 2025, the Guardian revealed that the mining company Harita, which mines nickel in the area, had not informed the local community about the water pollution, even though it had itself detected elevated levels in the spring.[83]

There are also numerous small islands in the Moluccas region that have been granted mining reservations and mining permits, despite the fact that Indonesian law protects islands smaller than 2,000 square kilometres by special legislation. In total, more than 30 mining permits have been granted to more than 20 small islands in the Moluccas region. In 2024, the Indonesian Constitutional Court upheld Indonesia's special national legislation banning mining on small islands (see also Chapter 2.2.1) and has since demanded the cancellation of permits already granted to the islands.[84]

The decision has also had an impact on the Raja Ampat Islands, one of Indonesia's famous tourist attractions located next to the Moluccas in the Papua province, for which mining permits had been granted to a total of five mining companies. Raja Ampat is known, among other things, for its coral reefs and has been granted UNESCO Global Geopark status. Following international pressure[85] and a Constitutional Court ruling, Indonesia withdrew the licenses of four mining companies to operate in Raja Ampat. However, mining company PT Gag Nikel continues to operate in the area.[86]

82 Trend Asia. (6.10.2023). How IFC's Support for Captive Coal in Nickel Industrial Park is Destroying Obi Island. Retrieved 25.11.2025 from https://trendasia.org/en/how-ifcs-support-for-captive-coal-in-nickel-industrial-park-is-destroying-obi-island/

83 Levitt, Tom. (30.4.2025). Company supplying critical EV metal 'did not disclose' Erin Brockovich pollutant in drinking water. The Guardian. Retrieved 27.11.2025 from https://www.theguardian.com/global-development/2025/apr/30/environment-water-pollution-green-transition-indonesia-harita-nickel-metal-mining-electric-vehicles-erin-brockovich-chromium-cr6

84 Forest Watch Indonesia. (27.3.2024). The decision of the Constitutional court (MK): Momentum for Enhancing Mining Management on Small Islands in Indonesia. Retrieved 27.11.2025 from https://fwi.or.id/en/mining-management-on-small-islands-in-indonesia/

85 See e.g. Greenpeace. (2024). Paradise Lost? How nickel mining threatens the future of one of the world's most important biodiversity hotspots. https://www.greenpeace.org/static/planet4-southeastasia-stateless/2025/06/0bf37ed5-paradise_lost_raja_ampat_report_lowres.pdf

86 Jong, Hans Nicholas. (10.6.2025). Indonesia halts most nickel mining in Raja Ampat, but allows one controversial permit. Mongabay. Retrieved 25.11.2025 from https://news.mongabay.com/2025/06/indonesia-halts-most-nickel-mining-in-raja-ampat-but-allows-one-controversial-permit/

3. Sustainability in Indonesian Nickel Processing Industrial Parks – CASE: IWIP

One of the most significant nickel companies operating in Indonesia is the Chinese Tsingshan Holding Group (Tsingshan)[87]. Tsingshan is focused on steel production and is the world's largest nickel producer, accounting for up to 24 percent of global nickel production[88]. Tsingshan's largest shareholders include the company's founder, billionaire Xiang Guangda, who also serves as Tsingshan's chairman of the board[89]. Tsingshan has three industrial parks in Indonesia in which it has a majority stake[90]: Indonesia Morowali Industrial Park (IMIP), Indonesia Weda Bay Industrial Park (IWIP), which is discussed in more detail in the following subsections, and Indonesia Konawe Industrial Park (IKIP). IKIP was still under construction at the time of writing and was expected to start operations in 2025[91].

Tsingshan Holding Group is not listed on a stock exchange and there is little public information available about its operations. On the company's website, there is almost no information on the company's corporate sustainability. The company presents its corporate sustainability actions as, among other things, developing a business concept combining industrial parks and mining operations in Indonesia (see the following subchapters), which saves energy from transportation.[92] The company has not published a human rights policy, corporate sustainability report or other corporate sustainability information.

87 The company's operational activities are managed by Eternal Tsingshan Group. EQS Newswire. (9.10.2025) Deewin Tianxia Signs Strategic Cooperation Agreement with Eternal Tsingshan Group on Intelligent Logistics in Overseas Industrial Parks. Financial Times. Retrieved 25.11.2025 from https://markets.ft.com/data/announce/detail?dockey=600-202510091145DGAP____ASPR_____corporate_2210860_en-1; Eternal Tsingshan Group. Overview. Retrieved 20.1.2025 from https://www.etsingshan.com/Art/Art_38/Art_38_69.aspx

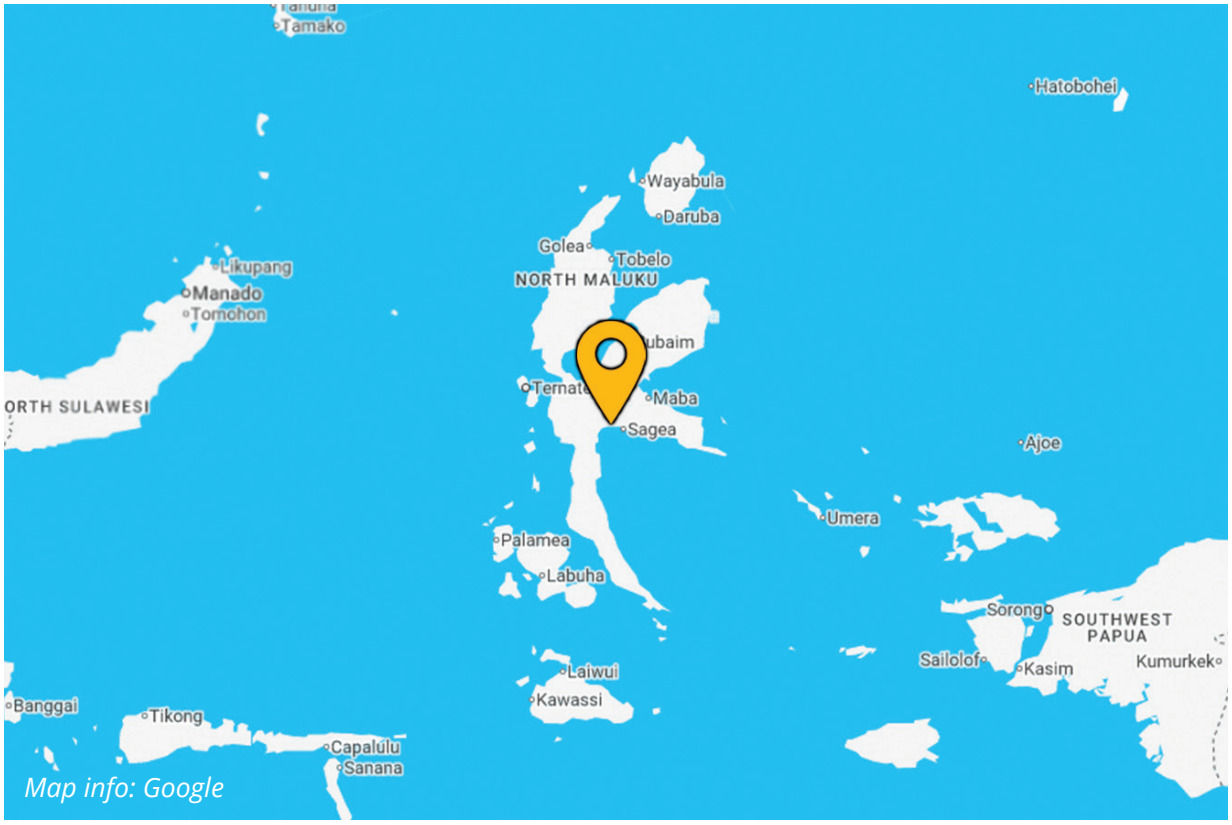
88 Sumitomo Metal Mining, Integrated report 2024, Global nickel supply (2023), p. 143. https://www.smm.co.jp/en/ir/library/integrated_report/pdf/2024/2024_All_EN.pdf

89 Qizhidao. Tsingshan Group. Information retrieved 19.10.2025 from https://qiye.qizhidao.com/company/2d3cd8b241ab2a64cd2ead914f6c33fc.html; Forbes. Xiang Guangda – profile. Press release. Retrieved 23.10.2025 from https://www.forbes.com/profile/xiang-guangda/

90 Eternal Tsingshan Group. Group introduction. Retrieved 20.10.2025 from https://www.etsingshan.com/Art/Art_38/Art_38_69.aspx; Merdeka Battery Materials. Overview. Retrieved 20.10.2025 from https://merdekabattery.com/en/company/about

91 Merdeka Battery. IKIP. Retrieved 10.11.2025 from https://merdekabattery.com/en/business/ikip

92 Tsingshan Holding Group. Social sustainability – Ecological and environmental protection. Retrieved 12.5.2025 from https://www.tssgroup.com.cn/peplo/duty1/



Indonesia Weda Bay Industrial Park (IWIP) is located in the North Moluccas, Central Halmahera Regency, Indonesia.

The World Benchmark Alliance (WBA), which standardizes and compares corporate sustainability practices, has found the company's environmental performance to be weak in its Nature Benchmark assessment of Tsingshan Holding Group. The WBA has stated that no information is available on the company's sustainability practices as the basis for its assessment.[93] The international Business and Human Rights Centre, which maintains a corporate sustainability database, has repeatedly asked Tsingshan for comments regarding criticisms of the sustainability of its operations. However, the company has not responded to any requests for comment.[94]

IWIP, which is examined in more detail in this report, is a nickel processing industrial park in Indonesia, majority owned by Tsingshan. It is located in Lelilef Village, Weda District, Central Halmahera Regency, North Maluku Province.

IWIP produces nickel pig iron, which is mainly shipped to China for use in Chinese steel mills in Tsingshan[95]. Other main products produced at the industrial park include nickel

93 World Benchmark Alliance. Tsingshan Holding Group. Information retrieved 20.10.2025 from https://archive.worldbenchmarkingalliance.org/publication/heavy-industries/companies/tsingshan-holding/

94 Business and Human Rights Center. Tsingshan Group. Information retrieved 27.11.2025 from https://www.business-humanrights.org/en/companies/tsingshan-group/

95 Nickel Industries Limited. Indonesia Weda Bay Industrial Park (IWIP). Retrieved 23.10.2025 from https://nickelindustries.com/tsingshan-collaboration/?tab=iwip-group

matte, electrolytic nickel, nickel sulfate and MHP.[96] Media reports have also mentioned ferronickel as a product.[97]

Tsingshan is the largest shareholder of IWIP; it owns a 40% stake in IWIP through its subsidiary Perlus Technology. Other shareholders include China's Huayou Cobalt (30% stake) and Zhenshi Group (30% stake).[98]

IWIP has been designated as one of the Indonesian government's strategic flagship projects.[99] IWIP integrates mining operations with nickel refining and partly into high-grade products, thereby increasing the value added of minerals in Indonesia.

According to the public website of the industrial park, three companies are tenants in the IWIP industrial park: the mining company PT Weda Bay Nickel WBN (see chapter 3.9), the nickel refining company PT Yashi Indonesia Investment[100], and the Youshan Nickel Indonesia Company, which produces nickel sulphate for the battery industry[101]. Tsingshan has a significant stake in all of these companies. In reality, the industrial park is home to many more companies (see chapter 3.2) and employs thousands of people. It was not possible to obtain official information on the number of employees for this report. Public estimates of the number of employees working in IWIP vary widely.

The companies operating in IWIP purchase the ore they use from the aforementioned PT Weda Bay Nickel WBN mine, which also processes the ore itself in the IWIP industrial park.[102] Nickel ore is also imported for use by the companies operating in IWIP from the

96 IWIP. ESG Report 2024, p. 8. https://iwip.co.id/en/esg-report/

97 The South East Asia Iron and Steel Institute. (24.6.2020). Yashi Indonesia's First Rotary Kiln Furnace Starts Production. Retrieved 27.11.2025 from https://www.seaisi.org/details/1564?type=technology-steel-applications; Ferronickel production is also mentioned in IWIP's 2024 sustainability report (see p. 30), although it is not listed as one of the industrial park's main products (p. 8).

98 Information on the shareholdings of IWIP owners is based on various media and NGO reports, see e.g. BHRRC, 2023, Powering electric vehicles, p. 14. https://media.business-humanrights.org/media/documents/2023_EV_supply_chains.pdf; Ferro Alloy Net. (21.11.2023). First Station of Nickel Plants Visiting at IWIP and PT. VDNI. Retrieved 27.11.2025 from https://m.ferroalloynet.com/news/first_station_of_nickel_plants_visiting_at_iwip__and_pt_vdni.html. IWIP does not publish financial statements, nor do Tsingshan Group or Zhenshi Group. Huayou Cobalt, which is a minority owner of IWIP, publishes an annual report, but does not disclose its ownership stake in IWIP. The book value of IWIP in Huayou Cobalt's 2024 annual report was approximately EUR 24 million, see p. 214 https://www.huayou.com/Public/Uploads/uploadfile2/files/20250418/2024AnnualReportofHuayouCobalt.pdf

99 IWIP. About IWIP. Retrieved 12.8.2025 from https://iwip.co.id/en/about-iwip/

100 PT Yashi Indonesia Investment is a joint venture between Zhenshi Holding Group, Co., Ltd, Shanghai Decent Investment (Group) CO., Ltd and Zhejiang Huajun Investment Co., Ltd. IWIP. PT Yashi Indonesia Investment. Retrieved 21.10.2025 from https://iwip.co.id/en/pt-yashi-indonesia-investment-en/. Shanghai Decent Investment Group is owned by Tsingshan. Nickel Industries. Nickel Industries and Tsingshan Partnership. Retrieved 21.10.2025 from https://nickelindustries.com/tsingshan-collaboration/

101 Youshan is a joint venture between Huayou Group and Tsingshan. IWIP, Tenant, https://iwip.co.id/en/tenant-2/ (accessed on 5.5.2025)

102 PT WBN. Operations. Retrieved 12.8.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/our-business/operations/; Eramet. Investor presentation January 2025, p. 18 https://www.eramet.com/wp-content/uploads/2025/01/2025-01-07-Eramet-Investor-Presentation.pdf

Philippines[103] and elsewhere in Indonesia. According to a report published by Greenpeace in 2025, nickel has been supplied to IWIP from mines such as PT Gag Nikel and PT Kawei Sejahtera Mining, which are located on small islands in Indonesia.[104] Mining on small islands is a controversial issue in Indonesia and is also associated with legal uncertainties (see section 2.2.2).

IWIP's customers and sustainability policies

IWIP's customers are difficult to track. For example, a 2025 Greenpeace report on nickel production found that opaque value chains make it impossible to connect products processed in IWIP to end users, such as electric car companies. In 2023, Finnwatch also asked electric car companies to provide information of their battery mineral value chains and reviewed the companies' sustainability reporting on minerals. Only a few companies provided any information on the primary producers of the minerals, and even this information was incomplete.[105]

However, some information is available about the companies' connections to companies operating in IWIP. For example, the US electric car manufacturer Tesla buys nickel from Huayou. Huayou is a minority shareholder in IWIP.[106] Huayou and Tsingshan have a joint venture in IWIP called Youshan Nickel Indonesia Company. Tesla also buys nickel from Indonesia through CNGR[107], which is also starting production in IWIP[108]. However, Tesla has not confirmed that it purchases nickel from IWIP.

For this report, Finnwatch reviewed Indonesian customs statistics, focusing on exports of various nickel products from the Weda port, which is located near IWIP and specializes in mineral exports[109]. The customs statistics show that, among others, Tesla's subcontractor

103 Mining.com (30.9.2024). Tsingshan cuts Indonesian nickel output due to tight ore supplies. Retrieved 27.11.2025 from https://www.mining.com/web/tsingshan-cuts-indonesian-nickel-output-due-to-tight-ore-supplies/

104 Greenpeace. (12.6.2025). Greenpeace investigation reveals extent of nickel mining plans in Raja Ampat, Indonesia's 'Last Paradise'. Retrieved 27.11.2025 from https://www.greenpeace.org/southeastasia/press/67025/nickel-mining-plans-in-raja-ampat/

105 Ibid.; Finnwatch. (2023). Sähköautot vastuullisuuden tiellä? https://finnwatch.org/fi/tutkimukset/saehkoeautot-vastuullisuuden-tiellae

106 Tesla. (2024). Impact Report 2024, p. 166. https://www.tesla.com/ns_videos/2024-extended-version-tesla-impact-report.pdf

107 Ibid. In Finland the CNGR company has become known for the Hamina battery factory project, from which the company withdrew in the spring of 2025, see FMG. (4.4.2025). CNGR Advanced material vetäytyy Haminan PCAM-tehdashankkeesta. Retrieved 27.11.2025 from https://www.mineralsgroup.fi/fi/ajankohtaista/uutiset/cngr-advanced-material-vetaytyy-haminan-pcam-tehdashankkeesta.html

108 According to GNCR's 2023 Sustainability Report (pp. 4 and 77), the company has audited the smelter in IWIP, but it did not yet have stable production there during the reporting period: "Among them, the Industrial Bases of Morowali and Weda Bay were not in stable operation during the reporting period". The report is available at https://www.cngrgf.com.cn/Upload/Template/web/Files/202405/074fd6ea-7ac3-449e-a4d8-932c130c9561.pdf

109 The Freight. Weda. Retrieved 20.11.2025 from https://thefreight.net/port/weda-idwed/

Huayou Hong Kong[110] purchased nickel in 2025 from PT Eternal Nickel Industry, a company operating in IWIP. Finnwatch asked Tesla for information on whether its purchases include nickel produced in IWIP. Tesla responded to Finnwatch by referring to the nickel section of its sustainability report and its general processes for sustainable sourcing. Tesla also stated that it could not provide a written answer to Finnwatch's questions, but it would attend a meeting with Finnwatch to hear more about the report's findings.[111]

Based on Finnwatch's investigation, nickel has also been purchased from IWIP in 2024 and 2025 by Thyssenkrupp Materials Trading GmbH, a subsidiary of the German company Thyssenkrupp, and Glencore Nikkelverk AS, a Norwegian subsidiary of the Swiss company Glencore. Finnwatch also sent these companies a survey about their purchases from IWIP. In connection with the survey, the companies were informed that a Finnwatch investigation had found problems related to labour rights in IWIP's operations.

Thyssenkrupp proposed a meeting with Finnwatch but then cancelled it due to illness. The company proposed a new meeting at a later date, more than two weeks after the original response deadline. Finnwatch could not postpone the matter that far and requested answers in writing instead of a meeting. Thyssenkrupp did not respond directly to the questions posed but stated that it was committed to environmental and social sustainability standards at a senior level. According to Thyssenkrupp, it conducts regular risk analyses to ensure that its subcontractors comply with the company's Supplier Code of Conduct. In addition, Thyssenkrupp stated that it complies with the German Act on Corporate Due Diligence in Supply Chains. According to Thyssenkrupp, the problems described by Finnwatch in the IWIP would be contrary to these standards and that it therefore takes the findings of the Finnwatch report very seriously and takes them into account in its internal processes.[112]

Glencore Nikkelverk AS did not respond to Finnwatch. In addition to the company's general address, a reminder about the survey was also sent to the whistleblower channel email address provided on the company's website. However, an error message was received from that email address, stating that only authenticated senders can send emails to the address.

According to customs statistics, IWIP also has commercial connections with globally operating steel giants such as Posco[113] and Trafigura's investment company Trafigura Investment China Co Ltd. Customs statistics show that the majority of the customers

110 Energy Trend. (8.8.2022). CNGR Advanced Material and Huayou Cobalt Have Secured Orders for Ternary Precursors from Tesla. Retrieved 4.4.2025 from https://www.energytrend.com/news/20220808-29569.html

111 Tesla, Diana Rosenberg, email to Finnwatch 6.12.2025

112 Thyssenkrupp, Thorsten Sörjen, email to Finnwatch 5.12.2025

113 According to customs information Posco is buying from PT Nicole Metal Industry NMI. Posco is one of the minor shareholders of NMI. See e.g. Posco's response to Business and Human Rights Center in spring 2024 https://www.business-humanrights.org/en/latest-news/poscos-response-4/

of the companies operating in IWIP are located in China. Over 90 percent of the shipments containing various nickel products from the port of Weda were destined for China between 1 January 2024 and 30 June 2025. Nickel produced in IWIP but exported via China, will most likely end up on the EU market. However, tracing imports is difficult for many reasons; for example, in the European Union customs data containing company information is not public, unlike in many third countries [114].

IWIP's possible own corporate sustainability policies could not be assessed for this report, as there is little information about sustainability on its website or in other public materials. The industrial park also did not respond to Finnwatch's contacts. On its website, IWIP mainly reports on various charitable projects such as scholarships, donations and sponsorships. In addition, the company says that it has supported various infrastructure projects in the area. The industrial park says, among other things, that it has built a total of 8.7 kilometres of roads.[115]

In its response[116] to Climate Rights International in 2024, the minority owner of IWIP stated that IWIP had drawn up various sustainability policies and intended to publish a sustainability report for 2024. The sustainability report[117] was published on IWIP's website at the end of 2025, when this report was being finalized.

IWIP's sustainability report is said to use, among other things, the international GRI reporting standard as a reference. The report has not been verified and has various shortcomings from the perspective of the company's stakeholders. For example, it is unclear what the scope of the report is. The reporting target is said to be "Indonesia Weda Bay Industrial Park". Tenants operating in the IWIP area are referred to in individual anecdotes and statistics, but the companies covered by the report are not listed in the report. The report also ignores many data points that are essential to IWIP's operations, and it is difficult to see it fully reflecting the results of the materiality analysis carried out by IWIP. Based on the analysis disclosed by IWIP in its report, material issues for the industrial park include, among others, occupational health and safety, sustainable value chains, and climate change[118]. Yet IWIP does not report its greenhouse gas emissions (GRI 305-1 - GRI 305-4[119]) or energy use (GRI 302-1 - GRI 302-3[120]) in its sustainability report. It also fails to

114 See e.g. Finnwatch. (2017). Transparency now – Legal briefing on the disclosure of EU customs data. https://finnwatch.org/images/pdf/FW_Transparency_of_customs_data_legal_briefing.pdf

115 IWIP. CSR Journey. Retrieved 5.5.2025 from https://iwip.co.id/en/csr-journey/; IWIP. Corporate Social Responsibility. Retrieved 5.5.2025 from https://iwip.co.id/en/corporate-social-responsibility/

116 Huayou's response to Climate Rights International is available at: https://cri.org/wp-content/uploads/2024/01/The-response-of-Huayou-Cobalt.pdf

117 IWIP. (2025). ESG Report 2024. https://iwip.co.id/wp-content/uploads/2025/09/IWIP_2024_ESG_Report-public.pdf

118 IWIP. (2025). ESG Report 2024, p. 16 https://iwip.co.id/wp-content/uploads/2025/09/IWIP_2024_ESG_Report-public.pdf

119 305-1 Direct (Scope 1) GHG emissions, 305-2 Energy indirect (Scope 2) GHG emissions, 305-3 Other indirect (Scope 3) GHG emissions, 305-4 GHG emissions intensity

120 302-1 Energy consumption within the organization, 302-2 Energy consumption outside of the organization, 302-3 Energy intensity

report on numerous items concerning the sustainability of value chains (e.g. GRI 308-1 - GRI 308-2[121], GRI 407-1[122], GRI 408-1[123], GRI 409-1[124], GRI 414-2[125]). The number of accidents that occurred in IWIP (GRI 403-9[126]) is also not reported.

For the purpose of this report, the implementation of labour rights in IWIP was investigated in more detail. The results of the investigation are discussed in more detail in the following subsections.

3.1 How the study was conducted

The study is based on interviews with local trade unions and 22 workers working in the industrial park. The interviews were conducted in July 2025.

The interviews were conducted by Finnwatch's partner, Sedane Labour Resource Centre LIPS, an Indonesian labour rights organisation. The long qualitative interviews were conducted in Indonesian based on an interview frame prepared by Finnwatch. The workers were asked questions related to, among other things, recruitment, remuneration, overtime practices, occupational safety, and housing. The workers' employment contracts and pay slips were also reviewed during the interviews. The interviews were held at the workers' homes or in local cafes where the workers could speak freely. The identities of the interviewees are known to Finnwatch, but in order to protect the interviewees, their names are not mentioned in this report.

All the workers interviewed were Indonesian men, on average around 25–30 years old. The employees worked at IWIP as welders, machine operators and furnace operators, among other things. Finnwatch has also had access to the latest collective agreement signed at the industrial park, which has enabled it to assess the working conditions at the industrial park in some respects more extensively than interviews.

The relevant sections of the report were sent to IWIP for comment before the report was published and it was contacted several times. However, IWIP did not respond to requests for comment. Tsingshan was also offered the opportunity to comment, but it did not respond to Finnwatch's contact.

121 308-1 New suppliers that were screened using environmental criteria, 308-2 Negative environmental impacts in the supply chain and actions taken

122 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

123 408-1 Operations and suppliers at significant risk for incidents of child labor

124 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

125 414-2 Negative social impacts in the supply chain and actions taken

126 403-9 Work-related injuries

3.2 IWIP is responsible for recruitment, there are uncertainties in the probationary period practices

The IWIP industrial park is home to several different companies, some of which are co-owned by IWIP's largest owner, Tsingshan. Although there are several different companies operating in the area, IWIP appears to employees as one large employer. IWIP is responsible for recruiting employees, signs employment contracts, and has signed a collective agreement with the trade union that is widely followed throughout the IWIP area (see chapter 3.8).

According to the employees interviewed, the most common way to get a job at IWIP is to submit an online application. After filling out the online form, suitable applicants are invited for a health check, after which they sign an employment contract. The employment contract is drawn up separately for each employer, but the employment contracts are signed by IWIP's HR Director.

The interviewed workers worked for a total of 12 different companies[127], and some of them had worked under several different employers in IWIP. Some of the interviewed workers said that they only found out their actual employer and their duties when they had received the employer's ID card associated with their work permit. The employer is also visible on the pay slips given to the workers.

A large number of the interviewed workers had arrived at IWIP from other Indonesian provinces, such as South Sulawesi, North Sulawesi, Gorontalo and the Moluccas. The interviewees said that IWIP prefers workers who have a local, North Moluccas ID card. Therefore, all workers who came from elsewhere had obtained a local ID card. The local ID card is possibly preferred because it can be used to justify that IWIP uses a lot of local labour[128] and brings other local benefits, for example by reducing unemployment.

New employees receive a three-day training on their job duties and seven days of so-called "marching training" (P2B, Peraturan Baris Berbaris[129]). The purpose of P2B training is to learn mental toughness and military-style discipline. The training is conducted by employees of the IWIP security department, who are reportedly retired military officers.

Some of the interviews revealed that new employees coming to the IWIP industrial park are initially hired on a six-month fixed-term employment contract, despite the fact that, according to the employees' accounts, there does not seem to be any basis for a

127 Workers have been working in IWIP for e.g. these companies: PT BSE (Blue Sparking Energy), PT IFMI (Infei Metal Industry), PT JBMI (Jade Bay Metal Industry), PT LPI (Layanan Pemeliharaan Integrasi), PT LTH (Layanan Trans Halmahera), PT LTL (Landasan Teknik Lestari), PT LVMI (Lin Victor Metal Industry), PT PMKI (Perintis Makmur Indonesia), PT SNMI (Sunny Metal Industry), PT TUJ (Tanjung Ulie Jaya), PT Weda Bay Port, Youshan Nickel Indonesia Company

128 IWIP has announced on its own website its goals to employ tens of thousands of locals, see e.g. https://iwip.co.id/en/home/

129 P2B training is also presented on IWIP's Youtube channel, see. https://www.youtube.com/watch?v=akuBFxPM8Mw

fixed-term contract. In Indonesia, the conditions for a fixed-term employment contract include, for example, work that is one-off, short-term or seasonal, or that it is related to the experimental testing of a new product or activity[130]. After the end of the fixed-term employment contract, the employment relationship at IWIP is terminated for a few days. The employee is then hired as a new permanent employee, this time with a three-month probationary period, which is the maximum probationary period set by Indonesian law[131].

Employees can change their employer unilaterally within the IWIP (see more in Chapter 3.8).

The interviewed employees, all of whom were Indonesian citizens, did not report that illegal recruitment fees were charged in the IWIP. However, general corruption is also present in the IWIP area in Indonesia. For example, a criminal record from the police is required for certain positions, but according to the interviewee, a clean criminal record can be bought with money. A B driving license, which entitles you to drive heavy vehicles, can also be obtained quickly by paying two million rupiah (the normal price for a driving license is 280,000 Indonesian rupiah, about 14 euros, including the driving test fee).

3.3 The basic salary of the workers corresponds to the minimum wage, but they are made to work enormous amounts of overtime

The structure of the workers' salary is complex. The salary consists of a basic salary, fixed and variable bonuses, and overtime compensation. In addition, various statutory and IWIP-defined deductions are made to the salary.

The average basic salary received by the interviewed workers was approximately 3 million Indonesian rupiah. On top of this, IWIP pays a fixed cost-of-living allowance (COLA). The purpose of the allowance is to ensure the livelihood of the workers in a situation of high inflation. Another fixed allowance paid to the workers is the location-based allowance (Halmahera).

The fixed allowances are listed and described in the collective agreement used by IWIP (see also Chapter 3.8). These fixed allowances were paid to the workers interviewed for this report at a rate of approximately 500,000 Indonesian rupiah (25 euros[132]) per month.

130 Indonesia Government Regulation No. 35/2021, article 4. Retrieved 28.11.2025 from https://indolabourdatabase.wordpress.com/wp-content/uploads/2021/05/government-regulation-no.-35-of-2021-on-non-permanent-work-agreement-english-version.pdf

131 Pasal 60 Undang-Undang (UU) No. 13/2003 tentang Ketenagakerjaan, Article 60 of Law No. 13 of 2003 on Manpower. Natlex. ILO. Retrieved 27.11.2025 from https://natlex.ilo.org/dyn/natlex2/natlex2/files/download/64764/IDN64764%20New.pdf

132 The currency conversions in the report use the Indonesian rupiah exchange rate for December 2025. Bank of Finland. Exchange rates. https://www.suomenpankki.fi/fi/tilastot/korot-ja-valuuttakurssit/valuuttakurssit/

With the fixed bonuses, the salary will increase to approximately 3.5 million Indonesian rupiah (178 euros). The local minimum wage, including the fixed bonuses, is approximately 3.4 million Indonesian rupiah (173 euros) in 2025. The salaries of employees at IWIP therefore correspond to the local minimum wage.

The employees interviewed also received various variable bonuses of approximately 620,000 to 2,750,000 Indonesian rupiah (32 to 140 euros) per month. These included, among other things, various experience bonuses and night shift bonuses.

In reality, however, the employees earn significantly more. This is because almost half of the salary of the interviewed employees consisted of overtime compensation. On average, the interviewees received over 3.5 million Indonesian rupiah (178 euros) in overtime compensation.

Employees working at IWIP mainly work in two different systems. Some employees work shift work, where the official working hours are eight hours a day, five days a week. Employees who do not work in shifts work seven hours a day, six days a week.

In reality, employees' working days, especially in shift work, are considerably longer and they work a total of 12 hours every day (8 hours of work, 4 hours of overtime). However, the interviewed employees did not consider the work they did to be overtime but rather as mandatory working time that was part of the shift. In addition to the 12 hours of work, the employer may also commission other overtime work (for example, shifts on the employee's days off), and only this part of the work was considered overtime by the employees. According to Indonesian law[133], overtime hours are paid at 1.5 times the wage for the first hour and 2 times the wage for subsequent hours. The employees' pay slips do not indicate the number of overtime hours worked, but only the total amount of compensation received. Therefore, the number of overtime hours worked and the appropriateness of the overtime compensation paid for them could not be checked from the pay slips. However, the amount of overtime compensation indicates that the individual workers interviewed had worked well over a hundred hours of overtime per month. According to Indonesian law, overtime can be worked for four hours a day, but only 18 hours a week[134].

IWIP's construction projects also employ so-called "all-in" workers who work eight hours a day, seven days a week. These workers receive significantly higher wages, but apart from public holidays, there are no days off at all.

133 Government of the Republic of Indonesia. Regulation number 35 of 2021 concerning employment agreement for a specified period of time, outsourcing, working time and rest time, and termination of employment. Article 31. Retrieved 28.11.2025 from https://indolabourdatabase.wordpress.com/wp-content/uploads/2021/05/government-regulation-no.-35-of-2021-on-non-permanent-work-agreement-english-version.pdf

134 Ibid. Article 26.

The pay slips of the workers interviewed also showed lines for numerous standard statutory deductions. These include statutory taxes, social security and pension contributions, and health insurance contributions. However, health insurance contributions had not been collected from any of the workers interviewed. The membership fees of workers who belong to a trade union are also deducted directly from their wages.

In addition, categories were found in the pay slips for questionable deductions, such as deductions for protective equipment. According to the workers, such deductions are made if an employee's protective equipment breaks or is lost and the employer considers it to be due to the employee's negligence. Workers also must pay a fine of 140,000 to 300,000 rupees (7–15 euros) if they are absent from work without permission. This can be the case, for example, if an employee who feels sick does not obtain a sick leave certificate from a clinic approved by the employer. Several interviews highlighted that certifying sick leave in the manner desired by the employer was a complicated process, in which various permits and notifications had to be obtained from many places before the sick employee was allowed to go home.

In addition, the pay slip has a general deduction category for "other deductions". According to the workers, deductions in this category are made, for example, if work equipment (other than protective equipment) breaks down and the employer considers the breakdown to be due to the worker's actions.

Workers working at IWIP are entitled to 12 days of annual leave per year, which is in line with the provisions of Indonesian labour law. Maternity leave is 1.5 months before the calculated due date and 1.5 months after the birth of a child. The father of a married couple is entitled to 2-3 days of paternity leave. The above provisions in the collective agreement do not correspond to the Maternity Law (Mother & Child Law, 4/2024) adopted in Indonesia in 2024, which has extended the length of maternity leave after the birth of a child to three months.

3.4. Rapidly rising prices make it difficult to make a living

Workers and communities in the IWIP area face high living costs. Halmahera is an island where many food and fuel products are imported from the mainland, which increases the prices of commodities. In addition, inflation in the area has been accelerated by the rapid expansion of the mining industry in the area and the jobs it creates[135].

135 Pardede, Raynard Kristian Bonanio. (7.3.2024). Despite high economic growth, North Maluku's prosperity has not improved. Kompas. Retrieved 5.12.2025 from https://www.kompas.id/artikel/en-meski-ekonomi-tumbuh-tinggi-indikator-kesejahteraan-maluku-utara-belum-membaik

Workers interviewed gave numerous examples of high prices. For example, the national price of Pertalite fuel, which is subsidized by the Indonesian government, is 10,000 rupiah (0.5 euros) per litre, but in the IWIP area it is sold for 20,000 rupiah (1 euro). Other prices have also risen sharply in recent years. Bottled drinks have risen from 6,000 rupiah (0.3 euros) to 10,000 rupiah (0.5 euros). A typical chicken salad in the area can cost 35,000-40,000 rupiah (1.8-2 euros), while its price on the neighbouring island of Ternate is 15,000-25,000 rupiah (0.8-1.3 euros). Finnwatch's local partner LIPS also confirmed that it had observed high prices in the area. According to statistics from the National Bureau of Statistics of Indonesia, the general consumer price index for Halmahera, which describes inflation, was 109.82 at the time of the employee interviews, using 2022 as the reference year (= 100)[136].

"Small change doesn't go far in IWIP."
– interviewed IWIP employee

A living wage refers to a wage that enables an employee to obtain a basic, but locally acceptable, standard of living for themselves and their family. Such a wage is sufficient to meet the basic needs of family members (e.g. adequate food, housing, health care, clothing, transportation and children's education) and to enable small-scale savings and participation in social and cultural life. A living wage is the lowest acceptable level of wage that meets human rights standards. A living wage refers to wages paid for normal working hours, i.e. it does not take into account, for example, overtime pay or performance-based compensation.[137]

The most internationally known initiative for calculating living wages is the Global Living Wage Coalition (GLWC). Its calculations are based on the so-called Anker methodology, and several certification schemes are members. However, the GLWC has not produced a living wage calculation for Halmahera, Indonesia[138]. However, the Indonesian Bureau of Statistics regularly calculates the cost of living for households in different provinces in Indonesia. In 2022, the Indonesian Bureau of Statistics BPS estimated the monthly cost of living in Central Halmahera to be 6.57 million Indonesian rupiah per household.[139] When

136 BPS-statistics Indonesia, Consumer Price Index Halmahera Tengah Regency (2022 = 100). 2025. Retrieved 19.10.2025 from https://malut.bps.go.id/en/statistics-table/2/Mzc1IzI=/consumer-price-index-halmahera-tengah-regency--2022---100-.html

137 More information (in Finnish) about a living wage as a human rights issue: Finnwatch. 2015. Elämiseen riittävä palkka ihmisoikeutena. https://finnwatch.org/images/pdf/RaporttiERP.pdf

138 Living wage calculations prepared by GLWC in Indonesia are available at https://globallivingwage.org/countries/indonesia/

139 CNBC Indonesia. 12.12.2023. The cost of living in this district is the highest in the Republic of Indonesia, Reaching Eight Million Rupiah. Retrieved 21.10.2025 from https://www.cnbcindonesia.com/news/20231212162508-4-496562/biaya-hidup-di-kabupaten-ini-tertinggi-di-ri-sampai-rp8-juta

inflation is taken into account in Halmahera, the estimate of the monthly cost of living rises to almost 7.2 million Indonesian rupiah[140].

The majority of the workers interviewed were single men. However, most of them were also responsible for the livelihood of relatives such as their parents who remained in their hometowns. Individual interviews showed that workers could send up to 2–3 million rupiah to their hometowns every month.

According to the workers interviewed, they would not be able to make ends meet on just the basic salary and the fixed bonuses paid on top of it, the level of which corresponds to the regional minimum wage. As a result, workers are forced to work enormous amounts of overtime (see Chapter 3.3).

3.5 Occupational health and safety problems, sanitation lacking in places

Interviewed workers experienced chronic fatigue caused by long working hours combined with heavy and repetitive work. On their days off, they said they mostly lay down at home to recover from work.

Interviewees reported back, muscle, and wrist pain. According to workers, air pollution produced by IWIP, which workers said include coal dust, lye vaporization and sulfur gases, causes coughing and sore throats. Workers also reported regular fevers. Problems were particularly common in ferronickel production, where heat and smoke gases make work even more difficult.

Some of the interviewed workers participated in annual health checks, while others had only had one check when starting work. According to the collective agreement, health checks should be arranged for workers in high-risk positions every six months, and for others at least once a year. The interviews revealed that the employees themselves do not have access to the results of the health checks, but that the information is encrypted for the employer's use only. This view can be confirmed by the entries in the collective agreement, the literal interpretation of which could enable such a limitation. According to the collective agreement, the employee's health information is managed by the employer and a doctor employed by the employer. On the other hand, another section of the collective agreement stipulates that the employees' health information is confidential and cannot be viewed or passed on except by a doctor, with the employee's permission.[141]

140 The estimate takes into account the cost of living in 2022 of 6.57 million Indonesian rupiah and the Halmahera consumer price index, which describes general inflation, which was 109.82 at the time of the employee interviews, when 2022 is used as the reference year (= 100).

141 IWIP's collective bargaining agreement, article 60, parts 1 and 2

According to the interviewed employees, the very long working days and the physically hard, repetitive work that the employees are made to work are reflected in the occupational safety of the industrial park. Hard work and long working days without sufficient breaks cause, among other things, loss of concentration and dizziness. Sleeping at the workplace was mentioned in several interviews as an issue that superiors had to intervene in in the factories.

Problems in communication, especially between Chinese superiors and Indonesian workers, were repeatedly raised in the interviews. Workers reported that Chinese supervisors shouted and cursed at workers. Further problems, according to interviewees, are caused by interpreters used in the workplace, who do not always interpret conversations correctly. Conflicts have also led to violent fights between workers and supervisors.

Inadequate protective equipment also undermines occupational safety. For example, workers working in the ferronickel production department reported that protective gloves became hot, safety shoes were not fireproof, respirators made it difficult to breathe, and work clothes were too thin to protect against heat, sparks, and other harmful substances. Interviews also revealed stories of being told to continue working with broken machines and equipment even though they posed a safety risk. In some factories, the occupational safety culture was maintained, for example, by requiring employees to memorize various safety-related checklists and by questioning them in random tests before the start of the work shift.

Problems were also reported in sanitation, depending on where the employees worked. According to the employees, in some factories, there were sufficient toilets in use and they were cleaned regularly. In contrast, smelter employees highlighted shortcomings in the toilets in interviews. For example, in a smelter operating in the area, there were too few toilets built on top of pits and their cleaning had been neglected. The toilets in the ferronickel factory were reported to be rudimentary: people defecate in a groove where water flows. The papers used for wiping clog the groove and faeces spread around. The toilet cubicles have no doors at all.

No toilets are provided at all for employees working on the IWIP expansion sites or in related support services. Those working on these construction sites said they relieve themselves in pits they dug themselves outside the work area.

3.6 Pollution and deforestation from mining and processing activities

Interviewees considered it positive that IWIP has created many new jobs in the area, which in turn has enabled the increase in other services such as public transport, shops and restaurants in the area. However, there was criticism that the infrastructure in the area has not been developed to meet the population growth brought about by the activities. For example, the roads in the area are still unpaved in many parts. Unpaved roads from the workers' residential villages to the mine become slippery and muddy during the rainy season, causing accidents and dangerous situations. Waste management in the area has also not kept up with population growth. Garbage lying around next to the workers' residential areas causes odours and attracts a large number of rats.

Shortcomings in the management of the environmental impacts of mining and the industrial park were also highlighted in the interviews. The most significant environmental problem for workers caused by IWIP and the mines serving it was air pollution. In the villages surrounding IWIP, Lelilef and Gemaf, dust penetrates heavily into workers' homes and other buildings. Workers believed that air pollution causes various respiratory diseases (see also Chapter 4.5).

There are more than ten coal-fired steam power plants operating in the IWIP area. The use of coal-fired power in IWIP has increased very rapidly. In 2024 alone, the capacity of the industrial park's coal-fired power plants tripled from just over one gigawatt to four gigawatts. The low-quality coal used by the power plants causes air pollution throughout the Weda Bay area. Coal-fired power plants have been reported to cause water pollu-

The population growth caused by the increase in mining industry is reflected, among other things, in waste management problems.

tion and reduce residents' access to clean water and food. Air pollution has also been estimated to increase respiratory diseases and premature mortality.[142] In the IWIP area of operation, the number of patients suffering from acute respiratory infections at the Lelilef Health Center has increased from just over 430 patients to almost 10,600 patients between 2020 and 2023.[143]

Workers living in the village of Lelilef report that deforestation and erosion caused by IWIP's mining and processing operations have increased flooding. The deforestation has also led to scorching heat in the area. Some interviewees also mentioned that IWIP has polluted and degraded groundwater quality. According to interviewees, wastewater discharged into the sea leads to pollution of coastal waters.

These views of the workers are also supported by other sources. In 2023, Indonesian environmental authorities recommended that a total of five mining companies close to IWIP be suspended after the Sagea River, which flows through the area, was reported to have changed in colour due to deforestation caused by mining. However, local authorities do not have the authority to suspend or prohibit mining companies that mine metallic minerals, as mining permits are issued by the Indonesian national authorities.[144]

In December 2024, a commission of inquiry from the lower house of the Indonesian parliament visited the IWIP site and reportedly found several violations of environmental regulations. A commission representative was reportedly moved to tears after seeing the extent of the environmental damage caused by the industrial park.[145] In September, Indonesian authorities discovered that the WBN mining company operating in IWIP had illegally used 148 hectares of forest for its operations, which was taken over by the state.[146]

142 Nexus3 Foundation. 2025. The Extension Impact of Nickel Industry Activities in Weda Bay Central Halmahera, North Maluku, Indonesia https://www.nexus3foundation.org/wp-content/uploads/2025/05/EN_REPORT-NICKEL_FINAL-2_web.pdf; Transisi Energi Berkeadilan. (24.1.2025). PLTU Captive Menahan Laju Transisi Energi Indonesia https://transisienergiberkeadilan.id/id/special-reports/detail/pltu-captive-menahan-laju-transisi-energi-indonesia; CREA. Debunking the value-added myth in nickel downstream industry. Retrieved 5.12.2025 from https://energyandcleanair.org/publication/debunking-the-value-added-myth-in-nickel-downstream-industry/

143 Jatam. (5.8.20204). The Conquest and Pillage of Halmahera: IWIP as the Display of Corporate-State's National Strategic Crime. https://jatam.org/id/lengkap/The-Conquest-and-Pillage-of-Halmahera

144 Lamaau, Nurkholis. (5.9.2023). DLH Malut Setop Operasional 5 Perusahaan Tambang Buntut Sungai Sagea Tercemar. Detiksulsel. Retrieved 5.12.2025 from https://www.detik.com/sulsel/berita/d-6914744/dlh-malut-setop-operasional-5-perusahaan-tambang-buntut-sungai-sagea-tercemar; Climate Rights Indonesia. (13.9.2023). Indonesia: Suspend Nickel Mining in North Maluku. Retrieved 5.12.2023 from https://cri.org/indonesia-suspend-nickel-mining-in-north-maluku/

145 Da Costa, Gusty. (11.2.2025). PT IWIP reported to Ministry of Environment for environmental damage. Indonesia Business Post. Retrieved 23.9.2025 from https://indonesiabusinesspost.com/3688/policy-and-governance/pt-iwip-reported-to-ministry-of-environment-for-environmental-damage

146 Jong, Hans Nicholas. (17.9.2025). Norway fund drops Eramet over Indonesia mine threatening forests, Indigenous tribe. Mongabay. Retrieved 5.12.2025 from https://news.mongabay.com/2025/09/norway-fund-drops-eramet-over-indonesia-mine-threatening-forests-indigenous-tribe/; Christina, Bernadette; Nangoy, Fransiska. (12.9.2025). Indonesia cites lack of forestry permits in land seizures from nickel miners. Reuters https://www.reuters.com/sustainability/indonesia-cites-lack-forestry-permits-land-seizures-nickel-miners-2025-09-12/; Etikrådet. (18.3.2025). Recommendation to exclude Eramet SA from investment by the Norwegian Government Pension Fund Global (GPFG) https://files.nettsteder.regjeringen.no/wpuploads01/sites/275/2025/09/Eramet-ENG.pdf

Pollution from nickel production has also reportedly reduced the number of fish caught off the coast. Small-scale fishermen in the area have had to make do with a reduced income because they cannot move further offshore to fish.[147] According to a study commissioned by the Indonesian Nexus3 Foundation, fish from the coast of Weda Bay have accumulated heavy metals. According to the study, harmful concentrations of heavy metals have also been found in the blood of local residents.[148] It has been feared that continued pollution from IWIP will undermine confidence in the purity of fish products caught in the North Moluccas and marketed internationally.[149]

> *"It [IWIP] has its pros and cons. The pros are that it has created a lot of jobs. The cons are that the environment has been sacrificed."*
> – interviewed worker

This report focuses on workers' rights in the IWIP area. However, the environmental impacts of IWIP also affect indigenous peoples living in the area. In the forests of Halmahera, the O'hongana Manyawa indigenous people, who live in voluntary isolation, practice a hunting and gathering culture, and it is feared that their livelihoods, culture and health will be threatened by the expanding nickel mining and processing operations in the IWIP[150]. Pressure from campaigning on behalf of the indigenous people led to the freezing of the Sonic Bay project planned for the IWIP in 2024. Despite the freezing of the Sonic Bay project, the Norwegian State Pension Fund's Ethics Council recommended that the fund withdraw its investment in the French company Eramet operating in the IWIP. The reason for the Ethics Council's decision was the biodiversity loss caused by nickel mining and the harmful effects of mining on the O'hongana Manyawa people.[151]

147 See e.g. Pulitzer Center. (25.1.2024). Indonesia: The Last Fisherwomen of Halmahera?. Retrieved 23.10.2025 from https://pulitzercenter.org/stories/indonesia-last-fisherwomen-halmahera

148 Nexus3 Foundation. 2025. The Extension Impact of Nickel Industry Activities In Weda Bay Central Halmahera, North Malaku, Indonesia. https://www.nexus3foundation.org/wp-content/uploads/2025/05/EN_REPORT-NICKEL_FINAL-2_web.pdf

149 Pardede, Raynard Kristian Bonanio. (1.6.2025). Pollution in Weda Bay Can Reduce Public Trust in North Maluku Fisheries Products. Kompas. Retrieved 5.12.2025 from https://www.kompas.id/artikel/en-pencemaran-di-teluk-weda-dapat-turunkan-kepercayaan-publik-terhadap-hasil-perikanan-maluku-utara

150 Lotulung, Garry. (22.6.2025). Nickel for Electric Vehicles threatens key forests and the last nomadic tribes in Indonesia. IWGIA - International Work Group for Indigenous Affairs. Retrieved 5.12.2025 from https://iwgia.org/en/indonesia/5795-debates-2025-nickel-for-electric-vehicles-in-indonesia.html

151 Etikrådet. (18.3.2025). Recommendation to exclude Eramet SA from investment by the Norwegian Government Pension Fund Global (GPFG). https://files.nettsteder.regjeringen.no/wpuploads01/sites/275/2025/09/Eramet-ENG.pdf

3.7 Workers live in cramped conditions

Almost all the workers interviewed wanted to live somewhere other than IWIP's own dormitories located near the industrial park. According to the interviewees, the dormitories lack privacy, are heavily polluted by mining and processing activities, and theft is common.

One worker living in the dormitory said that he chose the dormitory as his place of residence because he wanted to save money. Living in the dormitory costs 400,000 Indonesian rupiah (20 euros) per month, including electricity and water. The dormitory is located close to IWIP, which also helps workers save on commuting costs. The dormitory rooms are typically shared between eight workers.

Workers living outside the dormitory live in the villages of Sagea, Gemaf, and Lelilef, which are about 8–10 kilometres from IWIP. Workers pay rent of 1.2–2 million Indonesian rupiah (61–102 euros) for a room measuring about 20 square meters. To save on expenses, most workers share a room with about 2–4 other people. Workers sleep in a small room on mattresses placed side by side on the floor, where shift workers sleep in turns. In addition, the rooms often have a small kitchen and toilet and are equipped with water and electricity. In some rooms, the use of electricity is limited to only a few electrical appliances. For example, you may have to pay an additional fee of 200,000 rupiah (10 euros) for using a refrigerator or air conditioner. There is an additional fee of 50,000 rupiah (2.5 euros) for using a computer and Wi-Fi.

IWIP employees on their way to work.

Public transport is usually used for commuting, as not all workers can afford their own means of transport, such as a moped. One trip to work by public transport costs about 25,000 rupiah (1.3 euros).

3.8 Problems with professional organization and weak unions

There are several established unions in the IWIP, including PUK KEP - SPSI IWIP[152], PSP - SPN IWIP[153], SBTK - FNPBI[154], GAKARYA[155], SPL - FSPMI[156] and SBSI - IWIP[157]. In addition, new unions have emerged in the region, including SBGN - IWIP (Serikat Buruh Garda Nusantara/Garda Nusantara Labor Union - IWIP), SPB - IWIP (Serikat Persatuan Buruh/United Labor Union) and SOPI. Many unions compete with each other and do not cooperate, for example, when negotiating working conditions.

The largest union in the region, PUK KEP SPSI - IWIP, which organizes workers in the chemical industry and mining, has signed a collective agreement with IWIP. Most of the individual employers operating in the IWIP (see Chapter 3.2) have also signed the same collective agreement.

The collective agreement is weak, and the terms of employment recorded in it are mainly based on Indonesian law. For example, the collective agreement does not stipulate anything that deviates from the law regarding wages or working hours. The collective agreement merely states that "The company's wage arrangements do not set wages lower than the legal level determined by the [Indonesian] government."

Half of the workers interviewed for this study belonged to a trade union operating in IWIP. However, based on interviews with trade unions and workers, it can be roughly estimated that the general level of organization in IWIP is considerably lower, estimated at around 10 percent. The SPSI-IWIP, SPN IWIP and GAKARYA unions have the largest membership.

According to the workers interviewed, employers operating in the IWIP industrial area do not directly restrict employees from joining unions. The workers had also not heard of

152 Pengurus Unit Produksi Kimia Energi Pertambangan – Serikat Pekerja Seluruh Indonesia/Chemical Energy Mining Unit Workers' Union - Indonesian Workers' Union

153 Pengurus Serikat Pekerja – Serikat Pekerja Nasional/Workers' Union Leadership - National Workers' Union

154 Serikat Buruh Tingkat Kerja – Front Nasional Perjuangan Buruh Indonesia/Workers' Union at the Workplace Level - National Front for Workers' Struggle in Indonesia

155 Gabungan Karyawan/Employee Union - IWIP

156 Serikat Pekerja Logam – Federasi Serikat Pekerja Metal Indonesia/Metal Workers' Union - Indonesian Metal Workers' Federation

157 Serikat Buruh Sejahtera Indonesia/Indonesian Prosperous Workers Union

any actual harassment or direct pressure being exerted on union representatives by the employer. Freedom of association is also mentioned in the IWIP collective agreement.

However, the union interviewed reported that employers use IWIP's centralized personnel management to prevent broader efforts to organize. Active members of unions had been transferred from one workplace to another if it had begun to appear that they were organizing employees for the union.

The weakness of the collective agreement concluded in IWIP is also evident in the fact that it directly approves the above-described transfer of employees from one employer to another by unilateral decision of the employer. Article 15 of the collective agreement states that the employer has the right to transfer an employee from one job, department or location to another. An employee can also be transferred entirely to another employer within the IWIP area. According to the second paragraph of the article, the employer must, as far as possible, pay attention to ensuring that the employee's job requirements and basic salary do not decrease. The employer therefore has no binding obligation to do so. The employee's transfer must be notified in writing at least two weeks before the transfer.

In addition to making it difficult to organize, transfers are also used as punishment, as mentioned in the employment contract signed by an employee working at IWIP, which Finnwatch has access to. The transfer of employees from one employer to another, as used at IWIP, is not a common practice in Indonesia[158]. However, IWIP owner Tsingshan also practices a similar model at its other industrial park in Indonesia, IMIP (see page 46).

Some unions had also encountered other resistance from employers related to union activities. A union representative who criticized IWIP on social media had received a warning from IWIP, because according to IWIP, publicly criticizing the company was an attempt to leak internal company matters to the public. The union representative had also tried to organize a campaign on May Day 2025 to talk about labour rights, but the employer had banned it based on the warning, citing IWIP's status as a special national interest (Obvitnas, Objek Vital Nasional[159]). Employees who participated in the planning of the campaign had also been threatened with warnings.

Interviewees reported that unions and employers do not have established forums for communication. Unions also often do not participate in disputes arising from working terms or conditions but rather handle them directly with employees and immediate supervisors or company human resources departments. As a result, employees have

158 LIPS, meeting with Finnwatch on 19.9.2025

159 In Indonesia, national interests are defined as certain areas, buildings, structures or business activities that affect the livelihood of a significant number of people, the interests or income of the state, or are of a strategic nature. Indonesian legislation on national interests has been enacted by presidential decree. (Presidential Decree No. 63 of 2004 on Security of the National Vital Objects, August 2004).

developed the impression that there are no uniform rules and practices and that they vary from supervisor to supervisor and department to department.

Interviewed employees who were not members of a union reported that they were not aware of the activities of trade unions in the area and had never been approached by the union.

3.9 Mining supporting IWIP, PT Weda Bay Nickel

IWIP is home to several mining companies that produce nickel ore for IWIP.[160] By far the largest of these is PT Weda Bay Nickel (WBN), which started mining in Halmahera in 2019[161]. WBN is the world's largest nickel mine, managing the world's largest nickel deposit[162]. WBN produces 17 percent of the world's annual nickel production[163]. It has been granted mining rights from the Indonesian government for 45,000 hectares, of which it has taken 2,000 hectares into use by 2025[164].

WBN's largest shareholder is Tsingshan (see Chapter 3) with a 51.3 percent stake. Other shareholders include the French listed company Eramet (38.7 percent) and Antam, majority owned by the Indonesian state (10 percent).[165] Tsingshan and Eramet own shares in WBN through a joint Singapore-registered holding company, Strand minerals Pte.Ltd.[166] Although Tsingshan is the mine's largest owner, Eramet is reportedly responsible for the mine's operations[167].

160 Mining companies operating in the region and supplying nickel to IWIP have been mapped by, among others, an Indonesian NGO JATAM, see the report: The Conquest and Pillage of Halmahera, available at: https://dokumen.jatam.org/66b0f1ea136dc_20240805_223818.pdf

161 Eramet. Integrated report 2023, p. 6 https://www.eramet.com/wp-content/uploads/2024/04/2024-04-09-Eramet-integrated-report-2023-EN.pdf

162 Zadeh, John. (30.3.2025). The World's Ten Largest Nickel Mines: Leaders in Global Nickel Production. Discovery Alert. Retrieved 5.5.2025 from https://discoveryalert.com.au/news/ten-largest-nickel-mines-2025-global-leaders/; Eramet. Integrated report 2023, p. 12 ja p. 18 https://www.eramet.com/wp-content/uploads/2024/04/2024-04-09-Eramet-integrated-report-2023-EN.pdf; WBN. Operations. Retrieved 7.11.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/our-business/operations/

163 WBN. Operations. Retrieved 12.8.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/our-business/operations/

164 Eramet. Eramet in Indonesia: Facts and figures. Retrieved 2.5.2025 from https://www.eramet.com/en/eramet-group/sites/eramet-in-indonesia/eramet-in-indonesia-facts-and-figures/

165 WBN. Governance. Retrieved 11.11.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/about-us/governance/

166 Eramet. Weda Bay Nickel. Retrieved 11.11.2025 from https://indonesia.eramet.com/en/activities/mining-and-metallurgy/

167 WBN. Operations. Retrieved 7.11.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/our-business/operations/

WBN mines nickel ore in an open pit mine[168]. WBN is also a tenant in IWIP, where it has a nickel ore smelter producing ferronickel, which is set to start ferronickel production in 2020.[169]

There is little public information about WBN's sustainability policies and processes. The company's website has a richly illustrated sustainability section, but it only provides a high-level overview of the company's promises to invest in occupational safety, community development, water protection and other environmental issues. WBN says it is committed to both Indonesian and international ESG standards, without specifying which standards it is referring to. The company says it has so far complied with Indonesian legislation.[170] The company has not published an annual report or a separate corporate sustainability report.

According to the company, it has drawn up action plans regarding safety and energy efficiency. It also has a corporate sustainability roadmap.[171] However, the above-mentioned documents were not found on the company's website when this report was prepared.

WBN's sustainability work appears to be largely the responsibility of its minority shareholder, the French company Eramet. Eramet reports more about the mine's sustainability work than WBN in its own annual reports. In addition, Eramet is said to support WBN in several sustainability processes.

For example, WBN is currently preparing for an external Initiative for Responsible Mining Assurance IRMA audit with Eramet's support[172]. According to WBN, it has carried out a preliminary self-assessment related to the IRMA audit in 2023.[173]

Regarding occupational safety, WBN says that it has invested in, among other things, training 250 employees to promote occupational safety in the company. WBN also says it receives support from its minority shareholder Eramet regarding occupational safety.[174]

168 Weda Bay Nickel. Retrieved 11.11.2025 from https://www.wedabaynickel.com/en/

169 Eramet. Integrated report 2023, p. 6 https://www.eramet.com/wp-content/uploads/2024/04/2024-04-09-Eramet-integrated-report-2023-EN.pdf; IWIP. Weda Bay Nickel. Retrieved 11.11.2025 from https://iwip.co.id/en/pt-weda-bay-nickel-en/

170 WBN. Our Commitments. Retrieved 23.5.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/our-commitments/

171 Ibid.

172 IRMA (https://responsiblemining.net/) is a third-party certification system whose criteria have been developed through extensive stakeholder collaboration. In addition to mining companies, IRMA's decision-making bodies include representatives from affected groups, NGOs such as Human Rights Watch, and trade unions. IRMA is often considered the most ambitious human rights monitoring system in the mining industry.

173 WBN. Our commitments. Retrieved 11.11.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/our-commitments/

174 The company calls these individuals "safety advocates" and "safety angels". WBN. Safety first. Retrieved 23.5.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/our-commitments/safety-first/

WBN reports on its website that in 2023 there were no reported accidents in its operations. The reported figure is stated in brackets below that it covers "over 39,464 hours worked".[175] The number of working hours included in the figure is remarkably small considering that the company employs a total of 16,400 employees and contractors.[176] The usual way for companies to report accidents is to use figures calculated per million hours worked.

Concerns over the mine's environmental and human rights impacts

In 2024, WBN came to international attention when it was feared that the company's and its operator Eramet's plans would threaten the livelihoods and culture of the isolated O'hongana Manyawa indigenous people (also known as the Tobelo community)[177]. To utilize the nickel ore produced by WBN, a new HPAL refinery, called Sonic Bay, was planned as a joint project between Eramet and the German company BASF[178]. However, the refinery's design was abandoned in the summer of 2024, according to the companies[179]. Before that, a video filmed at the WBN workers' camp, in which representatives of the O'hongana Manyawa people had arrived in desperation to beg for food, had been widely circulated online[180].

Despite the withdrawal of Eramet and BASF, Indonesia's Minister of Investment has publicly stated that negotiations to continue the project are still ongoing. In Indonesia, a proposal to establish a so-called no-go zone to protect the isolated indigenous people has emerged. Negotiations regarding a no-go zone have also been mentioned in Tesla's 2023 and 2024 sustainability reports, which discuss the company's activities in its nickel value chains in Indonesia[181]. However, Tesla has not confirmed that it is purchasing nickel from WBN or IWIP.

175 Ibid.

176 WBN. About us. Retrieved 23.5.2025 from https://www.wedabaynickel.com/en/weda-bay-nickel/about-us/

177 More information about NGO campaigning targeting these companies see e.g. Survival International. 2024. Driven to the edge – How the demand for electric cars is destroying uncontacted Indigenous people's lives and lands in Indonesia, p. 66 https://assets.survivalinternational.org/documents/2684/original-3c8dda9a3227299a6d33458706fe76e6.pdf

178 Eramet. 2024. Integrated report 2023, p. 19 https://www.eramet.com/wp-content/uploads/2024/04/2024-04-09-Eramet-integrated-report-2023-EN.pdf

179 Eramet. Financial report 2024, p. 10 https://www.eramet.com/wp-content/uploads/2025/02/2025-02-19-Eramet-Consolidated-financial-statements-as-at-31-December-2024.pdf

180 Survival International. 2024. Driven to the edge – How the demand for electric cars is destroying uncontacted Indigenous people's lives and lands in Indonesia, p. 33 https://assets.survivalinternational.org/documents/2684/original-3c8dda9a3227299a6d33458706fe76e6.pdf

181 Jong, Hans Nicholas. (1.7.2024). Mongabay, BASF, Eramet drop $2.6b Indonesian nickel project that threatens isolated tribe. Retrieved 8.12.2025 from https://news.mongabay.com/2024/07/basf-eramet-drop-2-6b-indonesian-nickel-project-that-threatens-isolated-tribe/; Tesla. Impact report 2023, p. 121 https://www.tesla.com/ns_videos/2023-tesla-impact-report.pdf; Tesla. Impact report 2024, p.168. https://www.tesla.com/ns_videos/2024-extended-version-tesla-impact-report.pdf

A small group of members of the O'hongana Manyawa indigenous people also live in WBN's current mining area. Eramet says in its annual report that it has drawn up guidelines for its employees and subcontractors on how to interact with the community in a culturally sensitive manner. The primary instruction for those working for the company is to avoid interacting with the isolated community.[182]

WBN's relations with other local communities are also not without problems. The company has been accused of land grabbing, among other things. In its response to a report published by CRI, which included interviews with local people, Eramet has stated that the local communities that have complained do not have legal or "customary ownership" of the forests in the mining area exploited by WBN. According to Eramet, WBN uses the state land provided to it on a "borrow and use" basis with the aim of returning the land.[183] Eramet says it has committed to revegetating more than 500 hectares annually by 2028. It aims to do this by producing seedlings in the nurseries it has established. In 2023, the company also says it will have rehabilitated 869 hectares of catchment areas outside the mining area.[184]

The communities, on the other hand, believe that the lands have been stolen from them without consultation or compensation. They believe that the company was able to take over the lands because the Indonesian state has not recognized the communities' land rights (for challenges related to land rights, see Chapter 2.1).[185]

WBN has also purchased privately owned land in the mining area. There has also been dissatisfaction with the purchase prices of the land, although the company appears to have negotiated prices to some extent and accommodated the villagers' demands.[186]

The mining company has also been accused of polluting waterways. The Sagea River, which flows through the area, has been reported to be polluted and has changed colour as a result of deforestation caused by mining. However, WBN is only one of many companies operating in the area.[187] The Indonesian environmental authorities assess mining operators using a national environmental sustainability scorecard called the PROPER

182 Eramet. Integrated report 2023, p. 41 https://www.eramet.com/wp-content/uploads/2024/04/2024-04-09-Eramet-integrated-report-2023-EN.pdf

183 CRI. 2024. Nickel Unearthed – The Human and Climate Costs of Indonesia's Nickel Industry, https://cri.org/reports/nickel-unearthed/

184 Eramet. 2024. Integrated report 2023, p. 42 https://www.eramet.com/wp-content/uploads/2024/04/2024-04-09-Eramet-integrated-report-2023-EN.pdf

185 CRI. 2024. Nickel Unearthed, The Human and Climate Costs of Indonesia's Nickel Industry, https://cri.org/reports/nickel-unearthed/

186 Ibid.

187 Renaldi, Adi. (25.1.2024). Indonesia: The Last Fisherwomen of Halmahera? https://pulitzercenter.org/stories/indonesia-last-fisherwomen-halmahera

program.[188] The scores given to companies in the scorecard range from gold to black. In 2023, WBN received the second-lowest rating, red. The reason for the poor rating was that the company was not considered to be sufficiently concerned with environmental issues, including water protection and air pollution.[189]

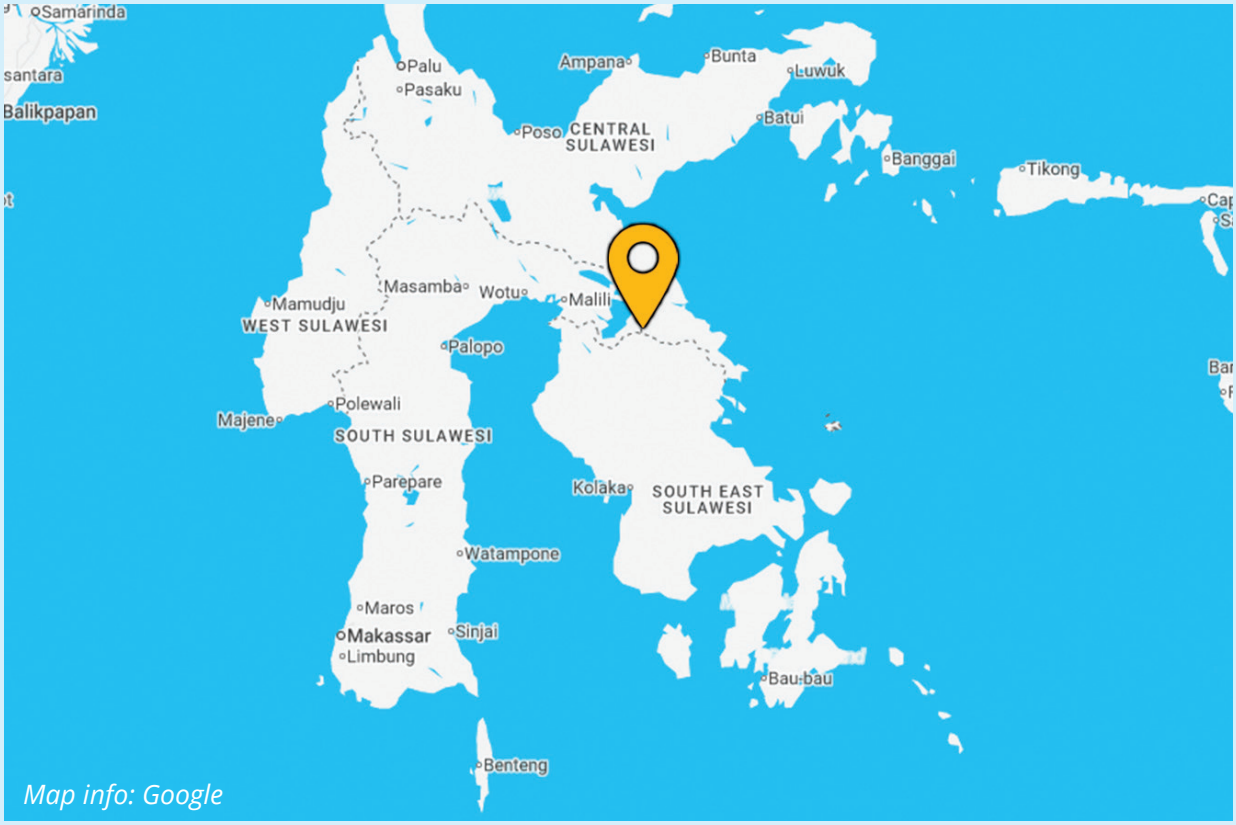
WBN did not respond to Finnwatch's contact efforts.

188 For more information, see The World Bank, Indonesia's program for pollution control, evaluation, and rating (PROPER) https://documents.worldbank.org/en/publication/documents-reports/documentdetail/770561468038722316/indonesias-program-for-pollution-control-evaluation-and-rating-proper

189 Malutsatu. (3.1.2023). Kementerian Lingkungan Hidup Beri Rapor Merah Tiga Perusahaan Tambang di Maluku Utara. Retrieved 10.12.2025 from https://www.malutsatu.com/2023/01/kementerian-lingkungan-hidup-beri-rapor-merah-tiga-perusahaan-tambang-di-maluku-utara/

Indonesia Morowali Industrial Park IMIP

IMIP, Tsingshan's second industrial park, majority-owned through its subsidiaries[190], is located in the village of Fatufia, Morowali District, Central Sulawesi. The Indonesian mining company BintangDelapan Group is also among the owners of IMIP, with a stake of around 25 percent. IMIP is the world's largest nickel refinery.[191]



Indonesia Morowali Industrial Park IMIP is located in the Central Sulawesi province of Indonesia.

Construction of IMIP began in 2013 after the presidents of China and Indonesia signed an agreement to this effect[192]. At the time of writing, the industrial park's website lists over 50 different companies as tenants[193]. According to media reports, many of them are at least partly owned by Tsingshan[194]. IMIP employs over 80,000 people[195].

190 The People's Map. Indonesia Morowali Industrial Park (IMIP). Retrieved 4.11.2025 from https://thepeoplesmap.net/project/indonesia-morowali-industrial-park-imip/

191 Business and Human Rights Resource Center. Indonesia Morowali Industrial Park (IMIP) - Project Profile. Retrieved 4.11.2025 from https://www.business-humanrights.org/en/latest-news/indonesia-morowali-industrial-park-imip-project-profile/

192 People's Daily Online. (20.6.2023). China-invested industrial park brings tangible benefits to local communities in Indonesia. Retrieved 4.11.2025 from https://en.people.cn/n3/2023/0620/c90000-20033846.html

193 IMIP. Tenant IMIP. Retrieved 4.11.2025 from https://imip.co.id/tenant/

194 See e.g. Lakshmi, A. Anantha; Mariska, Diana Mariska. (28.11.2024). 'Production first, safety later': inside the world's largest nickel site. Financial Times. https://www.ft.com/content/56013ee9-f456-4646-895c-aeb65a685f85

195 IMIP. Dari Morowali untuk Indonesia. Retrieved 4.11.2025 from https://imip.co.id/

As with IWIP (see Chapter 3.2), the administrative coordination of IMIP is strictly under the control of the industrial park itself. IMIP is also responsible for recruitment on behalf of its tenants[196]. IMIP's communications are coordinated, and IMIP has responded to various criticisms on behalf of its tenants, for example by publishing safety bulletins in connection with accidents[197]. IMIP has also published a series of different sustainability policies, which it says also apply to tenants operating in its area[198].

IMIP uses ore from nearby mines in its production processes. According to NGO sources, at least two mines operating in the Morowal area, PT Bintang Delapan Mineral and Hengjaya Nickel Mine, supply IMIP with nickel ore[199]. Ore is also imported from other sources including the Philippines.[200]

IMIP operates several smelters, many of which are partly or fully owned by Tsingshan.[201] IMIP produces ferrosilicon, ferrochrome, ferronickel, nickel pig iron (also known as nickel pig iron, NPI) and nickel matte[202]. Some of these intermediate products are further used to produce stainless steel, which is exported mainly to China, but also to other countries[203]. IMIP also produces hydroxide precipitate MHP, which is used in the production of electric car batteries[204].

196 Trend Asia. 2024. The Chaotic Labor Disputes in Indonesia Morowali Industrial Park (IMIP), p.15–16 https://trendasia.org/wp-content/uploads/2024/10/BUKU-TrendAsia-English-Agustus-24-3.pdf

197 Sembada Bersama Indonesia. 2025. Workers Waiting To Die In Morowali (Full Version), p. 17. https://sembadabersama.org/workers-waiting-to-die-in-morowali-full-version/

198 IMIP. Policies and Standards. Retrieved 5.11.2025 from https://imip.co.id/pembangunan-berkelanjutan/kebijakan-dan-standar/

199 The People's Map. Indonesia Morowali Industrial Park (IMIP). Retrieved 4.11.2025 from https://thepeoplesmap.net/project/indonesia-morowali-industrial-park-imip/

200 Nguyen, Mai; Liu, Siu et al. (30.9.2024). Tsingshan cuts Indonesian nickel output due to tight ore supplies. Mining.com/Reuters. Retrieved 4.11.2025 from https://www.mining.com/web/tsingshan-cuts-indonesian-nickel-output-due-to-tight-ore-supplies/

201 Trend Asia. 2024. The Chaotic Labor Disputes in Indonesia Morowali Industrial Park (IMIP), p. 44 https://trendasia.org/wp-content/uploads/2024/10/BUKU-TrendAsia-English-Agustus-24-3.pdf; Smelters include PT ITSS, PT GCNS, PT CSI, PT OSMI, PT DSI and PT SMI. In addition to companies owned or co-owned by the Tsingshan group, there are also smelters owned by PT Hengjaya Nickel Industry (HNI) and PT Ranger Nickel Industry (RNI) in the area.

202 Nickel Industries. Indonesia Morowali Industrial Park (IMIP). Retrieved 27.10.2025 from https://nickelindustries.com/section/indonesia-morowali-industrial-park-imip/; Durrant, Angela; Tong, Tong; Kotseras, Panos. (31.5.2024). Nickel and Stainless Steel assets — Key takeaways from CRU's visit to Indonesia's Morowali Industrial Park (IMIP). MMTA. Retrieved 27.10.2025 from https://mmta.co.uk/nickel-and-stainless-steel-assets-key-takeaways-from-crus-visit-to-indonesias-morowali-industrial-park-imip/ ; Indonesia Miner. (21.8.2024). 1.2 Million Tons of Stainless Steel Producers Are Now Present in the IMIP Area. Retrieved 27.10.2025 from https://www.indonesiaminer.com/company/detail-news/2024-08-21095409-12-million-tons-of-stainless-steel-producers-are-now-present-in-the-imip-area

203 Stainless steel is produced at IMIP by, among others, PT Glory Metal Indonesia (GMI), a joint venture between Tsingshan and the Indian Jindal Group. Indonesia Miner. (21.8.2024). 1.2 Million Tons of Stainless Steel Producers Are Now Present in the IMIP Area. Retrieved 27.10.2025 from https://www.indonesiaminer.com/news/detail/2024-08-21095409-12-million-tons-of-stainless-steel-producers-are-now-present-in-the-imip-area

204 Nickel Industries. Indonesia Morowali Industrial Park (IMIP). Retrieved 27.10.2025 from https://nickelindustries.com/section/indonesia-morowali-industrial-park-imip/

Numerous labour rights problems have been reported at IMIP. In January 2025, Sembada Bersama, an Indonesian labour rights organization, published an extensive report[205] based on interviews with workers about the problems at IMIP. Indonesian workers interviewed for the report reported, among other things, recruitment fees (mafia lamaran kerja) paid to secure employment. Workers also reported very long working hours and even illegally low wages, exposure to fumes and dust that are harmful to health, and poor sanitation. Workers also reported that IMIP transfers workers from one employer to another without their consent.[206]

IMIP also reported a large number of Chinese workers. In a report by Sembada Bersama, Indonesian workers said that employers operating in IMIP favour Chinese workers with better wages and other working conditions. Other information has also been made public. Some Chinese workers working in Indonesian industrial parks have even been reported to be in conditions that suggest forced labour, which is why Indonesian nickel has been added to the US authorities' forced labour list[207].

IMIP has been particularly criticized for its safety deficiencies, which have led to numerous deaths. In late 2024, the Financial Times published an article based on extensive interviews with workers about IMIP's safety deficiencies. Workers who spoke to the Financial Times reported systematic problems in the safety processes of companies operating in IMIP. According to figures from Trend Asia cited by the Financial Times, there were 114 accidents in the Indonesian nickel industry in the first half of 2024, resulting in 101 deaths. Almost half of these occurred at IMIP.[208]

The most serious accident at IMIP occurred in 2023 when an explosion directly killed 13 workers and injured 38[209]. The death toll later rose to 21[210].

205 Sembada Bersama Indonesia. 2025. Workers Waiting To Die In Morowali (Full Version) https://sembadabersama.org/workers-waiting-to-die-in-morowali-full-version/

206 Ibid.

207 The US government's list of forced labor products does not directly mention IMIP. However, it does refer to industrial parks in Central Sulawesi, Indonesia, where IMIP is clearly the largest player. US Department of Labor, List of Goods Produced by Child Labor or Forced Labor https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods?tid=5536&field_exp_good_target_id=All&field_exp_exploitation_type_target_id_1=All&items_per_page=50; Asia Times. (10.9.2024). US may block Indonesia nickel on forced labor issues, https://asiatimes.com/2024/09/us-may-block-indonesia-nickel-on-forced-labor-issues/

208 Lakshmi, A. Anantha: Mariska, Diana. (28.11.2024). 'Production first, safety later': inside the world's largest nickel site. Financial Times. Retrieved 10.12.2025 from: https://www.ft.com/content/56013ee9-f456-4646-895c-aeb65a685f85

209 Chen, Heather. (24.12.2023). Furnace blast at Indonesia nickel factory kills 13 workers, wounds 38. CNN. Retrieved 8.12.2025 from https://edition.cnn.com/2023/12/24/asia/indonesia-nickel-factory-blast-intl-hnk

210 Gutzy Asia. (4.1.2024). Indonesian authorities escalate Morowali Smelter blast to formal inquiry as death toll reaches 21. Retrieved 8.12.2025 from https://gutzy.asia/2024/01/04/indonesian-authorities-escalate-morowali-smelter-blast-to-formal-inquiry-as-death-toll-reaches-21/

At the time of writing, another fatal accident occurred at IMIP in March 2025. The accident was caused by a landslide of material dumped in tailings ponds caused by heavy rain, resulting in the deaths of two workers and the disappearance of one.[211]

Health problems have been reported outside the IMIP area due to the industrial park. IMIP's production processes require significant amounts of energy, which is mainly generated by coal-fired power.[212] Health problems related to (coal) dust have been reported in the area[213]. In June 2025, the media reported that the Indonesian Ministry of Environment intended to sanction IMIP for unauthorized tailings ponds and discharges of wastewater, as well as air pollution.[214] The announcement was made after a landslide in a pond used by IMIP to store waste from the HPAL process caused, in addition to the deaths mentioned in the previous chapter, pollution of the Bahadopi River, which flows near IMIP[215].

211 Earthworks. (28.3.2025). Multiple Dams Fail at Indonesian Nickel-Mining Facilities https://earthworks.org/blog/multiple-dams-fail-at-indonesian-nickel-mining-facilities/

212 Diggs, Andrew. 2023. International support crucial to decarbonization of the Indonesian nickel supply chain https://www.nortonrosefulbright.com/en/knowledge/publications/19ccd372/international-support-crucial-to-decarbonization-of-the-indonesian-nickel-supply-chain

213 Timmerman, Antonia. 2022. The dirty road to clean energy: How China's electric vehicle boom is ravaging the environment https://restofworld.org/2022/indonesia-china-ev-nickel/

214 Mining Technology. (19.6.2025). Indonesia to sanction companies for environmental breaches at nickel industrial park https://www.mining-technology.com/news/indonesia-sanction-companies-environmental-breaches-nickel-industrial-park/?cf-view

215 Earthworks. (28.3.2025). Multiple Dams Fail at Indonesian Nickel-Mining Facilities, https://earthworks.org/blog/multiple-dams-fail-at-indonesian-nickel-mining-facilities/

Accidents at IMIP

- **December 2023** – 21 workers killed in nickel smelter explosion at IMIP. The explosion occurred at the production facility of PT Indonesia Tsingshan Stainless Steel (ITSS).[216]
- **January 2024** – Two workers were electrocuted and lost consciousness at the premises of PT Risun, an IMIP company.[217]
- **June 2024** – A steam accident injured two workers at IMIP.[218] The accident occurred at PT Indonesia Tsingshan Stainless Steel (ITSS), an IMIP company.
- **October 2024** – Two separate explosions at IMIP. The explosions occurred one week apart at the nickel smelters owned by PT Dexin Steel Indonesia (DSI) and PT Zhongtsing New Energy (ZTEN).[219]
- **February 2025** – A worker died when a heavy load fell on the premises of PT Ocean Sky Metal Industry, an IMIP company.[220]
- **March 2025** – Two workers died and one went missing in a landslide of material dumped in waste ponds in an area used by PT Huayue Nickel Cobalt and PT QMB New Energy Materials, both operating in IMIP. The missing worker has not been found at the time of writing.[221]

216 Taufan, Mohammad. (12.2.2024). Indonesia police to charge 2 Chinese nationals in furnace explosion at Chinese-owned nickel plant. AP. Retrieved 10.12.2025 from https://apnews.com/article/indonesia-nickel-smelter-explosion-suspects-b6147e0dfdfc8c8b89cc0402f5469ba4

217 Business and Human Rights Resource Center. (31.1.2024). Indonesia: Two contractor employees were electrocuted in PT Indonesia Morowali Industrial Park https://www.business-humanrights.org/en/latest-news/indonesia-two-contractor-employees-were-electrocuted-in-pt-indonesia-morowali-industrial-park/

218 Indonesia Business Post. (15.6.2024). Two workers injured over hot steam burst incident at Tsingshan Smelter. Retrieved 10.12.2025 from https://indonesiabusinesspost.com/2133/Politics/two-workers-injured-over-hot-steam-burst-incident-at-tsingshan-smelter

219 Tempo. (30.10.2024). Explosion at IMIP Nickel Smelting Industrial Area Morowali Traumatizes Workers https://en.tempo.co/read/1935095/explosion-at-imip-nickel-smelting-industrial-area-morowali-traumatizes-workers

220 Da Costa, Gusty. (24.2.2025). Worker dies at work at industrial complex in Morowali. Indonesia Business Post. Retrieved 10.12.2025 from https://indonesiabusinesspost.com/3653/energy-and-resources/worker-dies-at-work-at-industrial-complex-in-morowali

221 Moore, Ellen. (28.3.2025). Multiple Dams Fail at Indonesian Nickel-Mining Facilities. Earthworks. Retrieved 10.12.2025 from https://earthworks.org/blog/multiple-dams-fail-at-indonesian-nickel-mining-facilities/; TUK Indonesia. (17.4.2025). IMIP Workers Buried in Nickel Tailing: NGOs, Trade Unions Demand Legal Accountability https://www.tuk.or.id/en/2025/04/imip-workers-buried-in-nickel-tailing-ngos-trade-unions-demand-legal-accountability/

4. Summary

About 80 percent of all stainless steel contains nickel, and the production of stainless steel uses up to two-thirds of global nickel production. Nickel is also commonly used in electric car batteries, and its demand is therefore expected to grow significantly in the future. Nickel has been added to the EU's list of strategically important raw materials.

Indonesia has significant nickel reserves and is by far the largest producer of nickel, accounting for almost 60 percent of global nickel production. With an active industrial policy, Indonesia's role in nickel refining has also grown significantly. Hundreds of commercial mining and refining projects have emerged in the country's nickel sector.

Although nickel reserves are located within Indonesia's geographical area, they are largely controlled by Chinese companies. It is estimated that Chinese companies hold up to 75 percent of Indonesia's nickel refining capacity. Ownership is chained behind complex corporate structures and shell companies, which has reduced transparency in the Indonesian nickel sector. The corporate sustainability practices and openness of Chinese companies often do not meet international corporate sustainability standards.

Indonesia's geographical features, such as mountainous islands prone to increasing weather extremes and seismically active areas, increase the risks of nickel refining operations in the region. Indonesia's rich biodiversity, heavy dependence on fossil fuels, weak labour laws and challenges in respecting the rights of indigenous peoples also pose clear environmental and human rights risks for companies operating in the region.

The most significant nickel producing companies operating in Indonesia include the Chinese Tsingshan Holding Group, one of the world's largest steel companies. Tsingshan owns several industrial parks in Indonesia and associated nickel mines and refineries. This report examined the implementation of labour rights in the Indonesia Weda Bay Industrial Park IWIP, majority-owned by Tsingshan. The report is based on qualitative interviews with trade union representatives and more than 20 workers working in the industrial park.

The interviews highlight the exceptional role of IWIP. IWIP not only manages the industrial park as a site, but is also responsible for recruitment, employment contracts, collective bargaining agreements, and communications on behalf of the companies operating in the park. According to media reports, IWIP's largest owner, Tsingshan, is also a co-owner of several companies operating in the industrial park.

The collective agreement concluded by IWIP is weak in terms of workers' rights and is largely based on Indonesian law. The collective agreement contains a provision that gives the employer the unilateral right to transfer an employee's job from one factory to another. This is used to punish employees and hinder the activities of trade unions.

Workers in the industrial park are made to work enormous amounts of overtime. The shift workers interviewed for the study almost always worked 12-hour days, five days a week. Work may also be done on days off. Over half of the workers' wages are made up of overtime compensation. Without significant overtime, the workers' wages would not be enough to live on.

The workers also reported shortcomings in IWIP's occupational health and safety. Deficiencies in protective equipment were highlighted and sanitation at the factory was inadequate. There were no toilets for construction workers. The workers also complained about the dust caused by the factory and the mining activities taking place in its surroundings, which penetrates the apartments and causes respiratory symptoms.

IWIP did not comment on the findings in any way, despite several attempts to reach it. Attempts were also made to reach Tsingshan's other industrial park, Indonesia Morowali Industrial Park IMIP, but it also did not respond to Finnwatch's contacts. Similar problems have also been reported in IMIP, as Finnwatch observed in IWIP.

The nickel ore used in IWIP is mainly imported from mines in the surrounding area. By far the largest of these mining companies operating in the area is PT Weda Bay Nickel WBN, majority owned by Tsingshan. WBN is the world's largest nickel mine. WBN's minority shareholder, the French company Eramet, is responsible for the operational management of WBN's mining operations.

WBN has had problems in managing its environmental impacts and in its relations with indigenous peoples operating in the area. WBN and Eramet have had particular challenges in respecting the rights of the O'hongana Manyawa indigenous people who live in isolation. WBN did not respond to Finnwatch.

For this report, Finnwatch also reviewed Indonesian customs statistics. Nickel produced in IWIP is mainly exported to China, from where it most likely also arrives in Europe along with stainless steel and various batteries. Customs statistics show that, among others, Tesla's subcontractor Huayou Hong Kong has purchased nickel from IWIP.

European companies have also made purchases from IWIP. According to Finnwatch's investigation, companies operating in IWIP have traded nickel, including Thyssenkrupp Materials Trading GmbH, a subsidiary of the German Thyssenkrupp, and Glencore Nikkelverk AS, a Norwegian subsidiary of the Swiss Glencore. Thyssenkrupp said that it takes the findings of the Finnwatch report very seriously and considers them in its internal processes. Glencore Nikkelverk AS did not respond to Finnwatch.

5. Recommendations

To IWIP

- IWIP should abandon the transfer of workers between employers as stipulated in collective agreements. Workers can only transfer to another employer of their own free will.
- Employees' pay slips should include information on the number of hours of overtime worked.
- At a minimum, IWIP should ensure that the overtime it commissions complies with Indonesian labour laws. Employees should be provided with sufficient rest, which also allows them to have full leisure time during working hours. Weekly working hours should not regularly exceed 55 hours[222].
- IWIP should determine a living wage in the Weda region, for example by using the methodology of the Global Living Wage Coalition. A living wage is the amount of money earned by an employee during regular working hours that enables the employee to provide themselves and their family with a basic but decent and locally acceptable standard of living. The wage is sufficient to meet the basic needs of the worker and his/her family – adequate food, housing, clothing, health care, children's education, etc. – and to enable small-scale savings and participation in social and cultural life.
- IWIP should also negotiate wages with trade unions as part of the collective agreement to be concluded in the industrial park. Trade union activities in the IWIP area should not be restricted.
- All production facilities operating in IWIP should initiate the process to achieve ISO 45001 certification. ISO 45001 is an international standard for occupational health and safety systems. The standard allows IWIP and the production facilities operating in its area to address occupational health and safety problems.
- Communication between supervisors and workers should be improved, especially between Chinese and Indonesian workers. Workers should be directed without shouting or swearing.

222 On the health effects of long weekly working hours, see, for example, the ILO. (17.5.2021). Long working hours increasing deaths from heart disease and stroke: WHO, ILO https://www.who.int/news/item/17-05-2021-long-working-hours-increasing-deaths-from-heart-disease-and-stroke-who-ilo

- Interviews conducted for this report indicate that fixed-term contracts are being used artificially to extend probationary periods at IWIP. IWIP should ensure that the probationary period policy under Indonesian law is followed not only in letter but also in spirit.
- All workers working at IWIP and its expansion projects should have access to adequate toilet facilities. IWIP should inspect the toilet facilities of all production facilities operating in the industrial park area and address any deficiencies. IWIP should provide a sufficient number of toilets to construction sites, which should be maintained by the employer.
- IWIP's dormitories should provide adequate living space for workers. Theft in dormitories should be addressed, for example, by providing security and locked storage facilities for workers.
- IWIP should work with local governments to resolve issues related to waste management and the poor condition of unpaved roads in the area.
- IWIP must publish information about its nickel ore supply chain.
- IWIP and the mining companies that supply it with nickel ore must take steps to reduce local air pollution from their operations.
- IWIP and its production facilities must develop climate transition plans to adapt their production to meet the goals of the Paris Agreement. As part of this process, they must commit to developing SBTi climate targets.
- WBN, which supplies nickel ore to IWIP, must establish a so-called no-go zone in the area inhabited by the O'hongana Manyawa indigenous people, who live in isolation. All plans to expand and extend mining operations into the territory of this indigenous people must be abandoned. This is because it is not possible to obtain free and informed consent (FPIC) from the isolated indigenous people.
- IWIP should develop a human rights commitment, implement the commitment within its organization, implement human rights and environmental due diligence, and create processes for corrective actions. IWIP can use the UN Guiding Principles Reporting Framework[223], developed by the Shift Expert Center, as a concrete aid in designing and reporting on these processes.
- IWIP's corporate sustainability reporting should be developed. IWIP should clearly state the subjects of its sustainability reporting, report in detail on all data points related to the topics it has identified as material and obtain external assurance for its report.

223 Shift. The UN Guiding Principles Reporting Framework, available at https://www.ungpreporting.org/framework-guidance/download-the-reporting-framework/

IWIP's largest owner, Tsingshan, should also correct similar deficiencies in other industrial parks in Indonesia where it holds a majority, such as IMIP, where similar problems have been reported in the past.

For IWIP and IMIP customers

- Customers of IWIP and IMIP should ensure that the industrial parks undertake the remedial actions listed above.
- Customers should require IWIP and IMIP to undergo an IRMA audit. However, the IRMA system criteria do not currently address all of the issues raised in this report, such as the transfer of workers between employers or wages below living wage. These issues should be fixed now that the IRMA standard is being revised.[224]
- Customers should require IWIP and IMIP and the companies operating in them to provide transparent corporate sustainability reporting as well as ownership and beneficial ownership information.
- IWIP and IMIP customers should require industrial parks to engage in open dialogue with stakeholders. For example, the largest owner of the industrial parks, Tsingshan Holding Group, has never responded to requests for contact from the Business and Human Rights Centre. Neither of the Tsingshan majority-owned industrial parks reviewed in this report responded to Finnwatch's contacts. If a company does not respond to direct contacts from stakeholders and does not seek dialogue, it is clear that there are also shortcomings in its due diligence processes.

For legislators in Finland, the European Union and Indonesia

- In connection with the transposition of the Corporate Sustainability Due Diligence Directive, Finland must nationally correct the watered-down provisions made in the Omnibus I process. Finland must raise the scope of the national sustainability due diligence law back to the original level (1,000 employees, turnover of EUR 450 million). A so-called overriding mandatory rule must be added to the provisions on liability for damages. This means that Finnish law will apply to potential claims for damages brought under the national sustainability due diligence law.
- The sustainability regulatory authorities established in Finland will be responsible for, for example, supervision under the sustainability due diligence law and the EU Forced

224 For more detailed comments from Finnwatch on the consultation on the renewal of the IRMA standard, see https://finnwatch.org/images/Lausunnot/Finnwatchin_kommentit_kaivostoiminnan_vastuullisuusstandardi_IRMAn_konsultaatioon_tyoelaman_oikeuksia_koskien.pdf

Labour Regulation. Sufficient resources must be directed to the authorities both to ensure effective implementation and to provide guidance to companies. Companies must be provided with timely and tailored support, guidance and training on the obligations of sustainability regulation. Measures should be targeted in particular at SMEs and companies operating in high-risk areas or sectors.

- In the European Union, the Corporate Sustainability Due Diligence Directive should be revised in line with international corporate sustainability standards when it is reviewed. Finland should actively promote the revision of the directive.
- The legal protection of victims of the harmful effects of corporate activities should be strengthened by reforming the conflict-of-law rules in cross-border damages cases (Rome II Regulation). In particular, it should be ensured that in future human rights cases the victim can choose whether to apply the law of the country where the damage occurred or the law of the country where the act/negligence that caused the damage occurred, as is already possible in environmental damage cases. The Commission has already prepared a report on the matter and is conducting further analysis on the matter, including a possible proposal to reform the regulation. When the proposal is submitted, Finland should promote the strengthening of legal protection for victims.
- When preparing this report, it became apparent that almost no information is available on the majority of unlisted companies in the Indonesian nickel sector. Indonesia has taken some steps[225], for example to increase beneficial ownership information, but more transparency is needed. For example, Indonesia should require all large companies to submit mandatory corporate social sustainability reports. When developing legislation, it is justified to consider the compatibility of reporting requirements with the ESRS standards currently being updated in the European Union. This would ensure that corporate social sustainability information from Indonesia is directly usable by buyer companies reporting in the European Union.
- During the preparation of this report, it also became apparent that Chinese-owned companies largely control the Indonesian nickel sector. Transparency International has made a number of recommendations[226] to increase the transparency of companies operating in the sector. Indonesia should consider implementing these recommendations.

225 Simanjuntak, Frenky; Salomon, Matthieu. (23.6.2025). The Governance Challenge Behind Indonesia's Resource Ambitions. Retrieved 16.12.2025 from https://resourcegovernance.org/articles/governance-challenge-behind-indonesia-resource-ambitions

226 Transparency International. 2025. Smelters and strategic parks: China's role in Indonesia's nickel value chain, p. 14 https://mining.transparency.org.au/wp-content/uploads/2025/10/TIA_Indonesia_Case_Study_202510_ENG.pdf

- Indonesia should initiate steps to enact a national corporate social sustainability law based on the UN Guiding Principles on Business and Human Rights.
- The EU's carbon border adjustment mechanism should be developed as a means to price and reduce emissions from the production of raw materials and products imported into the EU, and to drive down the free allocation of emission allowances. The mechanism should be expanded to include new product groups (such as nickel) and to cover emissions from imported products more broadly across the entire value chain.

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