



BETWEEN SPEECH AND PRACTICE: BNDES, SIGMA LITHIUM AND LITHIUM MINING IN THE JEQUITINHONHA VALLEY*

*** This summary should be read and interpreted based on the full published study. The information contained in this summary is based on public information, formal complaints filed before competent authorities, institutional documents, and journalistic sources. The analyses and conclusions presented here are interpretations by the team responsible for the study and are supported by the right to freedom of information and criticism, in order to contribute to the public debate on respect for human rights and the financing of companies that can adopt best practices to safeguard human rights, especially consumer rights. Sigma Lithium, BNDES, and other institutions mentioned had the opportunity to comment on the content in advance, and their responses were considered in the production of the report.**

ABOUT IDEC:

Idec (Instituto Brasileiro de Defesa do Consumidor) is a Brazilian civil society organization created in 1987 with the aim of defending consumer rights, including the rights of users of public services, the fight for fair and balanced economic relations and the expansion of access to essential goods and services. Idec is a consumer association that acts in complete independence from governments, companies and political parties.

ABOUT THE SUSTAINABLE CONSUMPTION PROGRAM:

The Sustainable Consumption Program starts from the premise that the prevailing systems of production and consumption have been based on the destruction of nature and the worsening of inequalities and social conflicts, compromising planetary health and threatening ours and future generations. Through a systemic vision and approach, connecting sustainable and responsible consumption in an interdisciplinary way and starting from its structural issues, the program aims to contribute to building a society where social justice goes hand in hand with safeguarding nature.

ABOUT THE RESPONSIBLE BANKING GUIDE:

The Guide to Responsible Banks (GBR) is a Fair Finance International project that evaluates the policies of the eight main Brazilian banks on different issues, such as consumer protection, climate change, the environment, human rights and others. The GBR is run by a coalition formed by Idec, Instituto Sou da Paz, Conectas Human Rights, Oxfam Brasil and Animal Protection Worldwide.

Support

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This study does not reflect the views of all the partner organizations of the Guide to Responsible Banking, and its content is the responsibility only of those who sign the document.



Context and Objective of the Study

This study analyzes the institutional policies of Sigma Lithium¹ and the Brazilian Development Bank (BNDES), comparing them with their practices in the context of financing and implementing lithium extraction projects in the Jequitinhonha Valley.

Lithium is one of the minerals used in the energy transition and plays an important role in the production of batteries for electric vehicles (EVs) and in the storage of renewable energy (SOUZA, 2024). As an essential component of lithium-ion batteries, the mineral offers high energy density, efficiency and durability, making it a benchmark for reducing dependence on fossil fuels and making electric mobility viable.

In 2024, the Brazilian Development Bank (BNDES) granted approximately R\$486 million in loans to the company's Brazilian subsidiary², so that an ore processing plant could be set up in the region where the complex operates. This funding came from the Climate Fund, linked to the Ministry of the Environment (MMA) and aimed at mitigating climate change.

The funding is followed by several complaints from quilombola communities and indigenous peoples who live near Sigma Lithium's facilities. Among the allegations, these communities report possible human rights violations, such as the lack of consultation for prior, free, informed and good faith consent with the communities about the expansion of the project, the opening of roads, drilling studies to locate lithium in the territory, the use of river water, and many other actions that precede the start of mining activity. According to publicized reports from the communities³, the explosions used to extract the lithium have

1 The company is made up of two main entities: Sigma Lithium, based in Canada and holder of the *holding company*, and Sigma Mineração S.A. or Sigma Brasil, a wholly-owned subsidiary of the holding company, holder of the mining titles and responsible for controlling all Brazilian operations.

2 Information available at: [https://agenciadenoticias.bndes.gov.br/industria/BNDES-aprova-R\\$-4867-million-for-Sigma-Lithium-benefiting-lithium-in-a-sustainable-way/](https://agenciadenoticias.bndes.gov.br/industria/BNDES-aprova-R$-4867-million-for-Sigma-Lithium-benefiting-lithium-in-a-sustainable-way/). Accessed on: 14/07/2025

3 Folha de São Paulo. Communities in the Jequitinhonha Valley close to lithium mining complain of illnesses. Available at: <https://www1.folha.uol.com.br/ambiente/2024/11/comunidades-do-vale-do-jequitinhonha-vizinhas-da-mineracao-de-litio-queixam-se-de-doencas.shtml>. Accessed: 07/04/2025

caused cracks in the houses, increasing the risk of collapse and causing the malaccheta mineral⁴ dust to reach the inside of their homes.

Study methodology

This study follows Fair Finance International's international case study methodology and analyzed 19 documents (institutional and official), such as environmental impact reports, financial statements, whistleblowing policies, human rights policies, financing policies and codes of ethics from Sigma Lithium and the BNDES.

Complaints publicly registered with the Legislative Assembly of the State of Minas Gerais were also evaluated, as well as the 2023 Annual Activity Report of the Coordination Office for Inclusion and Social Mobilization of the Public Prosecutor's Office of Minas Gerais, and among the main journalistic sources are reports from Folha de S. Paulo and the documentary "On the edge of the abyss: the battle for raw materials: lithium mining in Brazil"⁵.

A bibliographic and documentary review was carried out using public sources - including books, scientific articles, newspaper articles and television documentaries - to contextualize lithium mining in the Jequitinhonha Valley.

It should be noted that the analysis of all the data collected in these documents is qualitative, so this report presents interpreted data.

Fair Finance International's international case study methodology envisages active engagement with financial institutions, seeking to improve environmental, social and economic policies, understanding the constructive role that these institutions can play in creating fair and sustainable finance. Therefore, Sigma, BNDES and the Minas Gerais State Government were given access to the full version of this study, with the opportunity to comment on its content, in order to contribute with responses to the allegations reported and also indicate any inconsistencies that may have been identified.

Main findings

- There is a possible contradiction between Sigma Lithium's sustainability speech and its actual practices. While the mining company presents itself as a pioneer in the

4 Malaccheta is a silica-aluminate mineral of potassium, iron or magnesium, also known as mica. Available at: <https://repositorio.usp.br/directbitstream/661425b6-cdb1-4702-85b0-a7e36a2b2839/3139984.pdf>, p.4. Accessed on: 08/04/2025.

5 The documentary is public and can be accessed via this link. <https://www.youtube.com/watch?v=ZzvYhXmQTSk>

production of “green lithium” and aligns its image with ESG principles, local communities report human rights violations, environmental degradation and a lack of transparency.

- The use of resources from the Climate Fund, maintained by the Ministry of the Environment (MMA), to finance the expansion of Sigma Lithium’s operations in the Jequitinhonha Valley raises concerns about the actions of the BNDES. Whilst the bank adopts rigorous socio-environmental assessment criteria, it apparently fails to demand concrete proof of Sigma Lithium’s policies or responses to the demands of the affected communities.
- Complaints from affected communities point to potential negative impacts on land rights and environmental justice.
- Investors and global buyers are also responsible for preventing potential violations of socio-environmental rights, insofar as they participate in the project’s value chain.

Recommendations

If the allegations made by the communities are proven and the company does not provide justifications in the future for the points related to its Human Rights Policy, its Code of Conduct and the other findings of this study, the following recommendations are made:

To Sigma Lithium:

1. That Sigma Lithium proves, through public reports, that it conducts meaningful consultation processes, guaranteeing the informed participation of all communities affected by the project, with effective reception of the demands and positions of these communities; commits to the free, prior and informed consent of the indigenous peoples and quilombolas impacted by the project, in accordance with the United Nations Declaration on the Rights of Indigenous Peoples, and ILO Convention 169;

2. That, in accordance with the commitment expressed orally at a meeting held with the organizations, it guarantees communication channels in Portuguese and in clear and accessible language, ensuring access to information in a transparent and continuous manner;
3. Review its internal human rights policies to ensure independent legal advice for affected communities and incorporate commitments against retaliation against human rights defenders;
4. If the complaints made by the communities are proven, repair the damage caused by its activities;
5. Publish audited and detailed ESG reports, in Portuguese and English, which provide measurable proof of its greenhouse gas emissions, pollutant emissions, air and water quality monitoring, water use and official records of the results of its social investments.

To BNDES:

1. That, in addition to complying with Fiocruz's Conflict Map, it considers in its preliminary analysis process for granting financing, public complaints from communities affected by the companies' activities;
2. That, in line with the commitment expressed in its letter, it carries out a new visit to the region of the Sigma Lithium project to engage in dialogue to the affected communities;
3. In parallel, ensure monitoring mechanisms, requiring sustainability reports in Portuguese, in accordance with GRI indicator 14 already required by the bank, with auditable data, impact indicators, and responses to complaints and demands from communities;
4. That it strengthens its institutionalized ombudsman's office, guaranteeing its practical effectiveness with the traditional, indigenous and quilombola communities directly impacted by the project. Ensuring that these mechanisms are widely disseminated, in accessible language and appropriate to the socio-cultural context, to ensure that the population understands their rights and can, in fact, use them, thus guaranteeing the right to participation and protection against human rights violations in an effective manner;
5. That it verify the accuracy of the information contained in the aforementioned complaints, and in the event of contractual non-compliance, apply the corresponding penalties to the offenders, as well as, in the future, deny financing to

projects that may violate human rights until the violating actions are proven to have been reversed by the credit applicant and the affected communities have had the damages suffered repaired.

To the State of Minas Gerais:

1. That it carries out a technical visit to the territories of Araçuaí, Itinga and Coronel Murta to ascertain the possible damage caused by Sigma Lithium;
2. That, if the reported damages are effectively proven, it acts in such a way as to demand full compensation from the company and its financiers;
3. To guarantee the protection of traditional territories and the active participation of communities affected by mining in regional development plans;
4. To draw up an air quality monitoring plan and toxicological study in the regions affected by the Sigma Lithium project.

To investors and buyers

1. To demand greater transparency from companies and to include clauses in their contracts for continuous environmental and social monitoring, with independent verification mechanisms and the participation of impacted communities.

Conclusion

The study reveals a possible contradiction between the company's sustainability speech and its actual practices. While the mining company presents itself as a pioneer in the production of "green lithium" and aligns its image with ESG principles, there is a

lack of detailed reports on carbon emissions, water use and social actions. In addition, complaints from local communities such as: cracks in houses, possible contamination of rivers, and disregard for prior consultations suggest a possible case of *greenwashing*.⁶

Although the company had two opportunities to respond to this study, i.e., more than four months to submit data, documents, and commitments regarding the entirety of this study, it only provided information in a virtual meeting through its Vice President of Institutional Relations on August 19, 2025. No additional documents supporting the claims of its institutional representative have been sent to us to date.

The use of resources from the Climate Fund to finance the expansion of Sigma Lithium's operations raises questions about the actions of the Brazilian Development Bank (BNDES). Whereas the bank claims to adopt rigorous socio-environmental assessment criteria, it apparently fails to demand concrete proof of Sigma Lithium's policies or to ascertain the real demands of the affected communities.

There is an urgent need to rethink the energy transition along three lines: popular participation; transparency and accountability; and socio-environmental justice.

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⁶ *Greenwashing*, also known as "green lies," is the practice adopted by companies that disseminate unfounded information about social and environmental sustainability, remaining a recurring practice of companies that use ambiguous expressions, dubious certifications, without scientific basis, and inaccurate data, hindering consumer understanding and violating their guarantee of transparent information.

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