

Litigating corporate abuse in the shift to clean energy for all

We stand at a critical juncture in the fight against climate breakdown, one of the greatest risks to human rights. By 2030, renewable energy must triple to realise Paris Agreement goals. But across renewable energy value chains – from mineral extraction to new power installations – human rights risks for business and investors remain ripe: environmental degradation, impacts on Indigenous Peoples' and communities' livelihoods, lands, right to consultation, attacks against human rights defenders, as well as labour rights violations. Indigenous Peoples, other frontline communities and workers around the world are pushing back against this approach and turning with increasing frequency to courts to demand an energy transition grounded not in abuse but in shared prosperity, fair negotiations, and a duty of care for the human and environmental rights of those directly impacted by global energy shift.

This year's analysis of the cases in the Business & Human Rights Resource Centre's <u>Just Transition Litigation</u> <u>Tracking Tool</u> provides evidence of a growing wave of litigation, with 95 cases across the world brought by rightsholders over human rights abuses in projects linked to the global shift to clean energy. These lawsuits are not a rejection of climate action; they are a demand for a truly just transition. Most cases are brought against the private sector and/or states in transition mineral mining (71% of the cases), the remaining cases (29%) concern renewable energy projects. The cases challenged a wide range of harms, including allegations of environmental abuses (70%), water pollution and/or access to water (56%) and abuse of Indigenous Peoples' rights (47%) – particularly their right to free, prior and informed consent (FPIC) (33%). In 65% of cases, rightsholders demanded the project to be permanently or temporarily halted as a result of alleged human rights and environmental abuses. In cases where courts have <u>ordered the removal of the installations</u> or <u>shut down the project</u>, companies faced a hefty bill in the millions of dollars.

This raises a stark warning to companies with projects linked to the energy transition: failure to adopt a human rights-centred approach throughout project lifecycles risks financial and reputational damage, project delays and disruption of essential resource supply chains, as rightsholders increasingly head to court when other avenues have not been successful.

Key findings

Key findings based on the 95 lawsuits tracked include:

- While the Tracking Tool includes cases brought across the value chain, transition mineral mining remains the sector with the majority of lawsuits, representing over 70% (67 cases) of the global lawsuits featured.
- (47% 45 cases), and close to half of the cases (47% 45 cases), and close to half of the cases tracked (49% – 47 cases) allege a violation of Indigenous Peoples' rights, including, in 33% (31) of cases, their right to FPIC.
- Environmental harm was the most frequent rights impact recorded, featuring in 70% (67) of cases tracked, followed by water-related impacts (56% – 53 cases). Almost half (46 cases – 48%) of cases related to projects' impacts on communities' livelihoods, and 40% (38) involved impacts on protected areas such as Indigenous Peoples' sacred land, grazing lands, agricultural heritage sites or national parks.
- Latin America and the Caribbean remained the region with the highest number of cases of abuse (53% – 50 cases), followed by North America (16% – 15 cases), Africa (11% – ten cases), Europe (9% – nine cases), Asia (8% – eight cases) and Australia and Oceania (3% – three cases).
- In 65% (62) of the cases included in the Tracking Tool, the plaintiffs asked for the project to be temporarily or permanently stopped. In 40% (25) of these cases the court ruled in their favour, and 50% (13) of these cases are now closed.



Recommendations to companies

Corporate duty of care for human rights

- All companies should undertake robust human rights and environmental due diligence along the full value chain, paying particular attention to access to remedy by establishing effective operational-level grievance mechanisms for people directly impacted negatively by the project in the first place.
- Renewable energy companies should adopt policies on responsible mineral sourcing and actively engage with the upstream mining sector to ensure human rights-centred operations by transition mining companies.

Fair negotiations

- Respect and publicly report on good-faith consultation, engagement and negotiations with rightsholders, paying particular attention to those at heightened risk of vulnerability or marginalisation, prior to investment decisions and during operations, and commit to avoid considering public opposition as uninformed complaints; ensure this encompasses the role of business partners.
- Adopt and practically implement policies committing to respecting Indigenous Peoples' rights, including their right to give or withhold their FPIC – regardless of whether national regulations are in place or not.
- Adopt and implement public policy commitments which recognise the valuable role of HRDs, reference specific risks to HRDs, ensure effective engagement and consultation with HRDs at all stages of the due diligence process, and commit to zero tolerance for reprisals throughout the company's operations, supply chains and business relationships.

Shared prosperity

 Prioritise project design approaches to meaningfully include and empower Indigenous Peoples, frontline communities, workers and unions, and build project support. In particular, develop and implement fair and equitable business models with a benefit-sharing approach, including through co-management, ownership and cooperation, that are rights-based, address both procedural and substantive rights, and are adapted to local priorities and needs.

Recommendations to investors

- Publicly support both existing and emerging human rights and environmental due diligence and corporate accountability legislation, as well as benefit-sharing frameworks.
- Commit to investment in renewable energy and transition minerals projects that respect human rights and the environment after undertaking a risk and impact assessment of investee companies on these issues.
- Develop policies regarding preferred ownership and investment models that favour shared benefit outcomes for communities and workers.



