



Business & Human Rights  
Resource Centre



# Fast & Fair Renewable Energy Investments

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**A PRACTICAL GUIDE FOR INVESTORS**





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## Executive Summary

Investors will play a pivotal role in shaping the urgent transition to low-carbon economies. Some already lead the way in divesting from fossil fuels and committing to renewable energy. Many more must follow to meet the climate goals set out in the Paris Agreement. These front-runner investors now also have an opportunity to define the path forward for an energy sector that respects human rights, in order to ensure that our transition is not only fast, but also fair. This task is urgent as allegations of human rights abuse grow globally, putting investments and the transition itself at risk.

This briefing sets out how investors can help tackle the climate crisis while respecting human rights in a just transition.<sup>1</sup> It brings lessons from our surveys of 109 renewable energy companies, our investor engagement over the last three years, and insights from an expert advisory group comprised of representatives from the UN-supported Principles for Responsible Investment, the Interfaith Center on Corporate Responsibility, the Heartland Initiative, Transform Finance, the Investor Alliance for Human Rights, and the London School of Economics.

Evidence shows that there is an urgent need to raise the bar on human rights in the renewable energy sector. Investors will play a pivotal role in this. Since 2010, the Business & Human Rights Resource Centre has identified 152 allegations of human rights abuses related to renewable energy projects, and asked 103 companies to respond to these allegations.<sup>2</sup> The frequency of allegations has increased in recent years with one third of these allegations having occurred between 2017-2019. Abuse allegations include: killings, threats, and intimidation; land grabs; dangerous working conditions and poverty wages; and harm to indigenous peoples' lives and livelihoods. Allegations have been made in every region and across each of the five sub-sectors of renewable energy development: wind, solar, bioenergy, geothermal, and hydropower.<sup>3</sup> The regions with the highest numbers of allegations<sup>4</sup> are Latin America (91 allegations since 2010, 60% of allegations globally) and Southeast Asia (38 allegations since 2010, 25% of allegations globally).

Companies and investors have a responsibility to respect human rights as per the UN Guiding Principles on Business and Human Rights. However, most renewable energy companies do not currently have in place basic human rights policies and processes, which can help avoid or mitigate abuses and de-risk investment. We surveyed 109 renewable energy companies between 2016 and 2018,<sup>5</sup> nearly half of which (46%) did not have a basic human rights commitment in place. Only five out of 59 companies included in the most recent outreach met four basic criteria on human rights.<sup>6</sup>

Investors can influence renewable energy companies to do better, using the power of their investment to ask critical questions and push companies to think about these issues before abuses occur. Without respect for human rights through due diligence and adherence to international norms, renewable energy companies not only fall short of moral responsibilities but may also face complications including negative press coverage, project suspension, delays, and litigation that can also set back the transition to low-carbon economies.<sup>7</sup>

### Key Questions Investors Can Ask When Investing in Renewable Energy

- Does the company have a publicly available commitment to respect human rights that refers to internationally recognized human rights norms?
- Does the company provide a grievance mechanism to workers and community members when rights abuses occur, as outlined by [Principle 31 of the UN Guiding Principles on Business and Human Rights](#)?
- Does the company have a human rights due diligence process in place to identify and address salient human rights risks before they become abuses?
- Does the company expect its suppliers and business partners to adhere to the same human rights standards, and does it include this expectation in contracts and agreements?

# Practical Steps to Ensure Renewable Energy Investments Respect Human Rights

All investors (both individually and in coordination with other investors and alliances) should:

- **Ask renewable energy companies, asset managers, energy purchasers,** or other relevant companies specific questions on human rights (see above) and follow up on any red flags identified (see subsector snapshots for specific examples).
- **Engage with communities and workers:** While companies have a responsibility under the UNGPs to consult with communities and workers, most do not do so effectively, and thus generate distrust. Investors can encourage more meaningful engagement, and can also engage communities and workers directly in order to:
  - **Ensure community and worker voices are heard and acted upon, and their leaders respected, at all stages of a project,** including in defining human rights due diligence, benefit-sharing, and remedy processes.
  - **Ensure that companies have clear policies and processes guaranteeing workers all fundamental labour rights** including freedom of association and collective bargaining, as well as a living wage.
  - **Ensure companies have clear policies and processes to respect indigenous peoples' rights,** including land rights and free, prior, and informed consent over the lifespan of the project, and effective access to grievance mechanisms at the project level.
  - **Act as a conduit to the company for concerns raised by affected communities, workers, and civil society** with regard to these and other human rights related impacts.
- Use divestment as last-resort leverage when companies fail or refuse to adequately identify, avoid, mitigate, or remediate harms associated with human rights abuses. Ideally investors should remain engaged in order to encourage positive behavior change, but when change is not possible or imminent, divestment should seriously considered as a demonstration of the investor's commitment to human rights.
- Urge policy-makers to support a fast and fair transition: Collaborate on joint investor statements or speak out individually to call for a just transition to a low-carbon economy, including strong human rights safeguards in national energy policies and international policy frameworks.

	PRIOR TO INVESTMENT	DURING INVESTMENT
<b>DIRECT INVESTMENTS</b> (PRIVATE OR PUBLIC EQUITY)	<p><b>Require potential investees to undertake and publicly report on human rights due diligence</b> in line with UNGPs, including by conducting a human rights risk and impact assessment with strong community engagement. <b>Engage with companies</b> to encourage them to undertake human rights due diligence if they do not yet do so.</p> <p><b>Corroborate the information provided by companies by engaging with affected communities and workers</b> to the extent possible to ensure adequate consultation and risk disclosure was undertaken.</p> <p><b>Set time-bound action plans</b> as requirements in investment or loan documentation to close performance gaps (e.g. as conditions precedent, covenants, representations or warranties).</p>	<p><b>Require portfolio companies to undertake human rights due diligence at both the company and project level.</b> Investors should look for disclosure and management of salient human rights risks and follow up with companies about plans to avoid or mitigate them as they arise.</p> <p><b>Require portfolio companies to conduct ongoing human rights monitoring and reporting</b> in line with UNGPs.<sup>8</sup></p> <p><b>Engage with portfolio companies facing human rights allegations</b> to push for access to remedy; work with them to overcome potential obstacles to implement best practices.</p>
<b>RETAIL INVESTORS</b>	<p><b>PRIOR TO INVESTMENT</b></p> <p><b>Include human rights due diligence in line with UNGPs in investment selection criteria.</b></p>	<p><b>DURING INVESTMENT</b></p> <p><b>Initiate and/or support shareholder resolutions</b> seeking specific information from companies on respecting human rights and mitigating impacts.</p>
<b>PRIVATE EQUITY</b>	<p><b>PRIOR TO INVESTMENT</b></p> <p><b>As a potential limited partner (LP),</b> condition commitment to a fund on the sponsor's willingness to abide by human rights standards in line with UNGPs.</p>	<p><b>DURING INVESTMENT</b></p> <p><b>Call on intermediary institutions to engage with relevant companies</b> facing human rights allegations to encourage respect for rights and work with them to overcome potential obstacles to implementing best practice.</p>
<b>DEBT</b>	<p><b>PRIOR TO INVESTMENT</b></p> <p><b>Before agreeing to issue a debt,</b> require disclosures demonstrating human rights due diligence was conducted.</p> <p><b>Conduct own due diligence in advance</b> when considering funding projects in high-risk or conflict-affected areas, in order to complement company due diligence efforts.</p>	<p><b>DURING INVESTMENT</b></p> <p><b>When considering renewing debt,</b> review policy and performance throughout the preceding project timeline, and require updated plans for maintaining respect for human rights.</p> <p><b>Consider pulling funding</b> when projects are discovered to cause or contribute to abuses and companies involved are not taking the necessary steps to mitigate or provide remediation, as outlined under the UNGPs.</p>

## Types of Companies Investors Can Work with on Renewable Energy

The renewable energy sector includes a mix of companies at various points throughout project development, down the supply chain and through to energy purchasers. This creates both challenges and opportunities for potential investors to emphasize the human rights considerations with a variety of investees:

- **Project developers:** Companies that directly install and operate wind, solar, or other renewable energy projects
- **Utility companies:** Companies that provide power to national grids, corporate buyers, and individual households; may also operate projects directly
- **Oil & gas companies engaging on renewable energy projects:** Companies traditionally involved in the fossil fuel sector that are beginning to diversify into renewable energy either through own operations or spin-offs
- **Equipment suppliers:** Companies that provide the equipment necessary for renewable energy projects such as wind turbines or solar panels
- **Mining companies:** Companies that extract the key raw minerals required for renewable energy equipment, such as nickel, copper, and manganese
- **Buyers:** Companies that purchase renewable energy, including companies committing to transition to 100% renewable energy (see [there100.org/companies](https://there100.org/companies) for examples.)

## Human Rights Due Diligence

Under the UNGPs, States have a duty to protect human rights, and companies have a corresponding responsibility to respect human rights. To fulfill this responsibility, companies are expected to undertake a process of human rights due diligence, *defined as an “ongoing risk management process that a reasonable and prudent company needs to follow in order to identify, prevent, mitigate and account for how it addresses its adverse human rights impacts.”* Investors also have a responsibility to engage in a similar due diligence, encouraging companies to disclose additional information about their operations with regard human rights and making clear that investment decisions hinge on respect for these principles.

### Further Resources for Investors

- **Investing in a Just Transition Project:**  
[Just transition investor guide](#) & [investor statement](#)
- **The B-Team & Just Transition Centre:**  
[Just transition business guide](#) & [pledge](#)
- **Business & Human Rights Resource Centre:**  
[Renewable energy & human rights company & investor briefings/webinars](#)
- [Right Energy Partnership](#)
- [Principles for Responsible Investment](#)
- [Committee on Workers Capital](#)

<sup>1</sup> For additional information on the call for a just transition and associated investor actions, see [this guide](#).

<sup>2</sup> For a full data set of allegations and companies, see the accompanying [spreadsheet](#).

<sup>3</sup> Hydropower is the subsector with the most allegations. However, there is significant debate about the inclusion of hydropower in the renewable energy sector at all, given the negative ecological and climate impacts of these types of projects. We have chosen to include hydropower in this briefing because many investors and the public more broadly do consider it a renewable energy, so it is necessary to raise the human rights considerations in addition to the environmental considerations that could impact investment decisions.

<sup>4</sup> See [Annex](#) for a full table of abuse allegations against companies disaggregated by subsector and region.

<sup>5</sup> For a full analysis of company policies and behaviors, see the Resource Centre's two briefings: [1](#), [2](#).

<sup>6</sup> These companies met at least four out of five of the following criteria without being subject to international judicial or semi-judicial proceedings on human rights records: (1) public commitment to human rights, (2) commitment to community consultation, (3) external-facing grievance mechanism, (4) commitment to core labour rights (5) supply chain monitoring on human rights.

<sup>7</sup> For more information about company policy and practice, see the graphics included in the [Annex](#) at the end of this briefing.

<sup>8</sup> Companies and their investors should apply especially thorough measures when operating in fragile, conflict-affected or otherwise high-risk areas



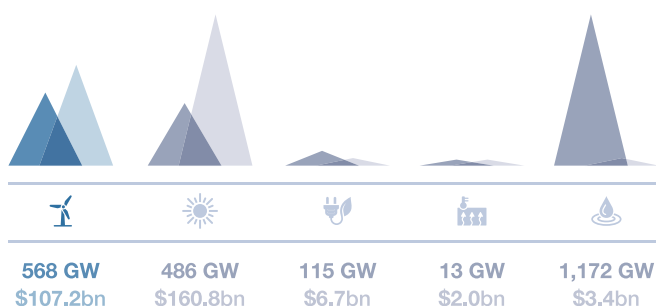
## Investor Snapshot: Wind Energy & Human Rights

Increased competition in the renewable energy industry combined with more advanced technologies has led to a dramatic fall in wind power costs in recent years, with wind now [cheaper than fossil fuels](#) in some markets. The growth in production and demand is coupled in some cases with negative human rights impacts, in particular where wind project land requirements clash with the needs of existing communities. Wind farms – both on- and off-shore – are often sited

in seemingly remote areas that may appear to be at lower risk for human rights abuses. However, the global race for resources and land is forcing communities further to the margins, resulting in remote areas becoming inhabited or used for subsistence.

For a full data set including information on allegations, companies, and geographical distribution, see the [accompanying spreadsheet](#).

### Subsector stats



Global installed generation capacity in 2018: **568 GW**

Global investment in 2017: **\$107.2bn USD**

### Human rights allegations

The Business & Human Rights Resource Centre has approached 22 companies regarding 26 allegations related to wind projects since 2010. Companies responded to 15 of the allegations and did not respond to the remaining nine.

Companies were approached about allegations in the following countries:



### Subsector sector-specific human rights risks

Based on the 22 company allegations recorded by the Business & Human Rights Resource Centre, companies involved in wind energy projects are particularly at risk for abuses of: **indigenous peoples' rights**, including lacking **free, prior, and informed consent (FPIC)**, and causing or contributing to **displacement and loss of livelihoods**; **causing or contributing to violence, intimidation, and threats** up to and including **death threats**. Additional research raises concerns related to **labour rights**. Wind energy companies are also at risk of contributing to human rights abuses through their mineral supply chains. The mining of **copper, manganese, nickel, and zinc** used in

wind turbines is often associated with **decreased access to water for local communities**, increased instances of **mining-related illnesses**, and **environmental pollution**. Furthermore, energy storage technologies frequently built in tandem with wind projects are also at risk of contributing to **child labour**, abuses of **indigenous people's rights** and **corruption** through their **cobalt** and **lithium** supply chains.

### Summary of company policies and practices

In 2016, the Business & Human Rights Resource Centre [surveyed](#) 19 wind power companies and found that:

13/19

13 had a human rights commitment in place (**68%**), 2 of these 13 had a commitment to free, prior, and informed consent (**11%** of all companies surveyed)

10/19

10 companies had a commitment to ongoing consultations with affected communities (**53%**)<sup>1</sup>

In 2019, the Business & Human Rights Resource Centre analysed the top five global producers of **copper, nickel, manganese, and zinc**. Of these 16 mining companies, 75% had a publicly available human rights policy in place, but 81% had human rights allegations against them.<sup>2</sup> This indicates a misalignment between policies and practices on the ground, heightening the need for rigorous human rights due diligence by investors.

### Opportunities for investor action

Investors can engage prior to and during investment by asking companies key questions:

- Does the company have a publicly available commitment to respect human rights that refers to internationally recognised norms?
- Does the company have a human rights due diligence process in place to identify and address salient human rights risks before they become abuses?
- Does the company provide a grievance mechanism to workers and community members when rights abuses occur, as outlined by [Principle 31 of the UN Guiding Principles on Business and Human Rights](#)?
- Does the company expect its suppliers and business partners to adhere to the same human rights standards, and does it include this expectation in contracts and agreements?

See [here](#) for a list of actions investors can take to ensure renewable energy investments respect human rights.

## Case studies

### RED FLAGS FOR INVESTORS:

- Lack of clear commitment to indigenous peoples' rights
- Lack of clear process in place for ongoing community consultations and commitment to respect free, prior, and informed consent independently of land permits
- Reports of community protests or concerns
- Reports of intimidation or threats faced by community members or other human rights defenders

### POSITIVE STEPS FOR INVESTORS TO LOOK-OUT FOR:

- Indigenous or community-ownership of renewable energy projects
- Benefits sharing with indigenous and affected communities, including energy access where appropriate

### MEXICO

#### COMMUNITY ENGAGEMENT SHOULD GO BEYOND CONSULTATIONS

In 2012, Macquarie (Australia), Mitsubishi Corp. (Japan), and PGGM (Netherlands) formed a joint project called Mareña Renovables, which received a \$477 million USD investment to develop a wind farm in Oaxaca, Mexico. The power from this wind farm was to be purchased by Heineken and FEMSA (which houses the largest independent Coca-Cola bottling operations in the world). The Mexican government provided the company with land permits, however indigenous communities objected due to a lack of adequate consultations or free, prior, and informed consent. Several community members [faced intimidation and death threats](#) in response. The project was the subject of several legal and semi-judicial processes, including within the Inter-American Development Bank. The Mareña Renovables project was eventually cancelled due to sustained pressure from the community. But soon after, the same renewable energy project was authorized to Eólica del Sur, resulting in over one thousand people filing a lawsuit, claiming their human rights were violated.

Given the abuse allegations and community opposition, the project remained stalled for over six years. In November 2018, the Mexican Supreme Court ruled that consultation had in fact taken place and allowed the project to move forward. Civil society and communities have criticized the decision as it does not respect international and national human rights and indigenous rights standards for free, prior and informed consent that guarantees the participation of communities.

When projects are delayed, energy buyers such as Heineken and FEMSA and their investors may ultimately feel losses if their purchasing agreements are also delayed or fall through. This can also inhibit broader climate-focused commitments such as lowering greenhouse gas contributions.

### CANADA

#### EMPOWERING COMMUNITIES THROUGH INDIGENOUS OWNERSHIP OF RENEWABLE ENERGY

W Dusk Group is an indigenous-owned company that designs, builds and develops wind and other renewable energy projects along with communities. The company consults with councils of elder community leaders on projects and the community shares the benefits from the electricity produced. This community-driven approach helps ensure a strong social license for the project and helps maximise benefits for the community and the company. According to W Dusk, "the empowerment of indigenous peoples is a vital step in the process of reconciliation for past injustices because it places the tool for cultural, economic and social growth where it belongs – with the people."

1 One of these companies, Renovalia, had a commitment to ongoing consultations without having an overarching commitment to human rights.

2 Some companies that had human rights policies in place did not have allegations related to their respective mineral operations, but as the preceding percentages highlight, many did have allegations despite their human rights policies.



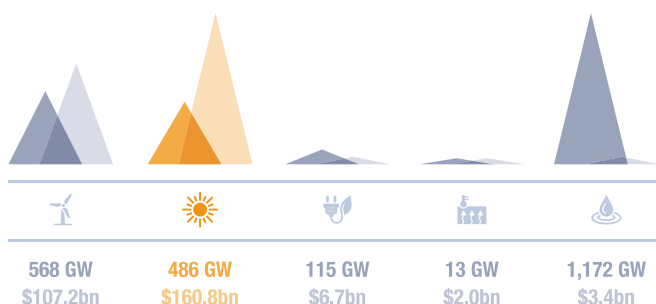


## Investor Snapshot: Solar Energy & Human Rights

Solar is the fastest-growing renewable energy source. Because projects can be scaled down to community-level or individual-use production levels, solar is primely positioned to provide integrated benefits to indigenous and especially rural communities who struggle to access traditional energy sources.

For a full data set including information on allegations, companies, and geographical distribution, see the [accompanying spreadsheet](#).

### Subsector stats



Global installed generation capacity in 2018: **486 GW**

Global investment in 2017: **\$160.8bn USD**

### Human rights allegations

The Business & Human Rights Resource Centre has approached seven companies facing allegations related to solar projects since 2010. Of those companies, five responded to the allegations and two did not.

Companies were approached about allegations in the following countries:



### Subsector sector-specific human rights risks

Based on the seven company allegations recorded by the Business & Human Rights Resource Centre, companies involved in solar projects are particularly at risk for abuses of: **indigenous peoples' rights**, including lack of **free, prior, and informed consent (FPIC)**, and causing or contributing to **displacement and loss of livelihoods**, with specific concern for projects sited in **conflict-affected areas**, such as Israel and the Palestinian territories and Western Sahara. Additional research raises concerns related to **health and safety** of workers and the environment due to unsafe disposal of solar panels, and **labour rights** of workers in solar panel manufacturing facilities. Solar companies are also at risk of contributing to human rights abuses through their mineral supply chains. The mining of **copper, nickel, and zinc** used in solar panels is in some cases associated with decreased **access to water** for local communities, increased instances of **mining-**

**related illnesses** and **environmental pollution**. Furthermore, energy storage technologies frequently built in tandem with solar projects are also at risk of contributing to **child labour**, abuses of **indigenous rights**, and corruption through their **cobalt** and **lithium** supply chains.

### Summary of company policies and practices

In 2018, the Business & Human Rights Resource Centre [surveyed](#) 32 solar companies, including a range of project developers and component manufacturers, and found that:<sup>1</sup>



- 14 had a human rights commitment in place (**44%**)
- 8 had a commitment to ongoing consultations with affected communities (**25%**)
- 8 had developed a grievance mechanism for communities or workers impacted by projects (**25%**)
- 10 demonstrated a commitment to core labour rights (**31%**)

In 2019, the Business & Human Rights Resource Centre analysed the top five global producers of **copper, nickel, and zinc**. Of these 12 mining companies, **83%** had a publicly available human rights policy in place, but **92%** nevertheless had human rights allegations against them.<sup>2</sup> This indicates a misalignment between policies and practices on the ground, heightening the need for rigorous human rights due diligence by investors.

### Opportunities for investor action

Investors can engage prior to and during investment by asking companies key questions:

- Does the company have a publicly available commitment to respect human rights that refers to internationally recognised norms?
- Does the company have a human rights due diligence process in place to identify and address salient human rights risks before they become abuses?
- Does the company provide a grievance mechanism to workers and community members when rights abuses occur, as outlined by [Principle 31 of the UN Guiding Principles on Business and Human Rights](#)?
- Does the company expect its suppliers and business partners to adhere to the same human rights standards, and does it include this expectation in contracts and agreements?

See [here](#) for a list of actions investors can take to ensure renewable energy investments respect human rights.

## Case studies

### RED FLAGS FOR INVESTORS:

- Significant boom in investments in projects on land used by indigenous peoples and/or protected areas
- Lack of cumulative human rights and environmental impact assessments of multiple projects concentrated in one area
- Lack of adequate access to information provided to local communities
- Lack of clear policy to respect indigenous peoples' rights

### POSITIVE STEPS FOR INVESTORS TO LOOK-OUT FOR:

- Collaboration with NGOs, workers, and communities to strengthen realization of human rights
- Commitment to core labour rights decent jobs in a low-carbon economy

### MEXICO

#### RENEWABLE ENERGY INVESTMENT BOOM COULD LACK SCRUTINY ON HUMAN RIGHTS AND ENVIRONMENTAL IMPACTS

In 2017, Mexico was among the top 10 countries in terms of renewable energy investment, recording \$6bn USD, an increase of 810% on the previous year. There has been particularly rapid expansion in the Yucatan peninsula, with 10 solar farms currently at different stages of development.<sup>1</sup>

As projects develop, local communities have alleged lack of adequate access to information, disregard for indigenous rights (including self-determination and autonomy), and threats against human rights defenders. In the case of a solar farm in Valladolid, a judge suspended the project, due to alleged human rights violations, including that the company did not take a Sacred Cenote into account.

In the case of SunPower's Ticul A and Ticul B solar farms, which entail deforesting 603 hectares, there have been continuous allegations of death threats, attacks, and defamation against community members. There are also allegations that the consultation process was deceitful regarding the use of land, that there were no independent specialists involved, and that opposing opinions were not adequately recorded. In 2018, the UN Special Rapporteur on the rights of indigenous peoples reported the initial contracts "... undermined the freedom of the consultation process and caused divisions and tension within the community."

The planned renewable energy projects in Yucatan are estimated to require more than 12,000 hectares of land close to protected areas, local populations, or sacred and archaeological sites. Many projects are on social property land, or ejidos. Although environmental and social assessments have been conducted for individual projects, there is not a Strategic Impact Assessment for such a concentrated installation of multiple energy projects.

### UNITED STATES

#### CREATING SUSTAINABLE JOBS THROUGH A JUST TRANSITION

Solar Holler is a solar installation company that [helps train solar installers](#) in West Virginia in the United States, a region known for the dominance of coal mining in its economy. The company works with an NGO called Coalfield Development, which sends trainees to Solar Holler through a direct employment programme. Through this arrangement, Coalfield Development aims to mitigate the social and economic hardships the region's residents face with shrinking jobs in the coal sector. This community outreach and training also helps mitigate potential conflicts between the company and residents. Solar Holler benefits by cultivating a willing workforce that contributes to a just transition to a low-carbon economy.

<sup>1</sup> While the majority of the companies described in this section received credit in all three categories, Contact Energy and Access Power had both a grievance mechanism and a commitment to core labour rights but did not have an overarching commitment to human rights. Contact Energy also had a commitment to ongoing consultations. This discrepancy between the commitments to specific aspects without an overarching commitment shows there is likely a lack of understanding about how to implement a comprehensive, risk-based human rights due diligence approach.

<sup>2</sup> In 2019, the Business & Human Rights Resource Centre analysed the top five global producers of copper, nickel, and zinc. Of these 12 mining companies, 83% had a publicly available human rights policy in place, but 92% nevertheless had human rights allegations against them. This indicates a misalignment between policies and practices on the ground, heightening the need for rigorous human rights due diligence by investors.



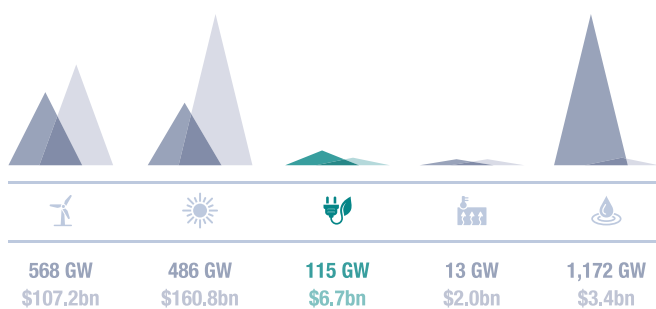
## Investor Snapshot: Bioenergy & Human Rights

Bioenergy is derived from the burning or conversion of organic material into fuel. Energy can be generated from biomass produced specifically for bioenergy projects, or through “waste-to-energy” in which organic waste from agriculture and other industries is captured and converted into energy. Bioenergy projects require the largest

land footprint of any renewable energy subsector, making land rights a particular concern for this subsector. Because bioenergy is often produced alongside or as a by-product of agriculture and forestry, risks commonly associated with these industries such as deforestation and access to water carry over to bioenergy as well.

For a full data set including information on allegations, companies, and geographical distribution, see the [accompanying spreadsheet](#).

### Subsector stats



Global installed generation capacity in 2018: **115 GW**

Global investment in 2017: **\$4.7bn USD**

### Human rights allegations

The Business & Human Rights Resource Centre has approached five companies regarding six allegations related to bioenergy projects since 2010. Companies responded to five of the allegations and did not respond to the remaining one.

**Companies were approached about allegations in the following countries:**



### Subsector sector-specific human rights risks

Based on the five company allegations recorded by the Business & Human Rights Resource Centre, companies involved in bioenergy projects are particularly at risk for abuses of: **indigenous peoples' rights**, including lacking **free, prior, and informed consent** (FPIC), and causing or contributing to **displacement and loss of livelihoods**; causing or contributing to **violence, intimidation, and threats** up to and including **death threats**. Additional research raises concerns related to **labour rights** including worker health and safety, and land rights including access to **food** and **water**.

### Summary of company policies and practices

In 2018, the Business & Human Rights Resource Centre [surveyed](#) 17 bioenergy companies and found that:

11/17

11 had a human rights commitment in place (**66%**)

7/11

7 of the 11 had a commitment to ongoing consultations with affected communities (**41%** of total companies surveyed)

9/11

9 of the 11 had developed a grievance mechanism for impacted communities or workers (**53%** of total companies surveyed)

8/11

8 of the 11 demonstrated a commitment to respect core labour rights (**47%** of total companies surveyed)

### Opportunities for investor action

Investors can engage prior to and during investment by asking companies key questions:

- Does the company have a publicly available commitment to respect human rights that refers to internationally recognised norms?
- Does the company have a human rights due diligence process in place to identify and address salient human rights risks before they become abuses?
- Does the company provide a grievance mechanism to workers and community members when rights abuses occur, as outlined by [Principle 31 of the UN Guiding Principles on Business and Human Rights](#)?
- Does the company expect its suppliers and business partners to adhere to the same human rights standards, and does it include this expectation in contracts and agreements?

See [here](#) for a list of actions investors can take to ensure renewable energy investments respect human rights.

## Case studies

### RED FLAGS FOR INVESTORS:

- Lack of recognition of systemic concerns about sector's contribution to harms to both environment and human rights (see [here](#))
- Lack of human rights due diligence process in place, including plans to address salient environmental and human rights issues raised by civil society through established grievance mechanisms or other processes
- Lack of plans to support small-scale farmers' rights and livelihoods
- Lack of mitigation or remediation plans for destruction of forests and other ecosystems

### POSITIVE STEPS FOR INVESTORS TO LOOK-OUT FOR:

- Worker- or community-owned project or companies
- Transparent decision-making involving workers and affected communities through direct involvement and establishment of accessible grievance mechanisms
- Transparent reporting on risks and due diligence processes, including disclosing subcontractors
- Prohibition of exploitative recruitment practices

### INDONESIA

#### DEMAND FOR BIOFUEL DRIVES HARMS TO ENVIRONMENT, LAND RIGHTS

In January 2019, 236 Indonesian NGOs and civil society leaders signed an [open letter](#) to the European Commission, warning that European demand for biofuels was driving “deforestation, land grabs, human rights violations, labour exploitation, corruption, socio-economic and political problems and ecological problems.” The letter raises concerns that the biofuel industry's high land usage marginalizes small-scale farmers and contributes to ecological damage, highlighting how the industry infringes on both human rights and biodiversity.

### SWEDEN

#### COLLECTIVE OWNERSHIP YIELDS POSITIVE HUMAN RIGHTS RESULTS

Lantmännen Agroetanol is part of an agricultural cooperative collectively owned by 25,000 farmers in Sweden. It is also the largest biorefinery in the Nordic region. The company has a strong policy commitment to community consultation and access to remedy, including grievance mechanisms, as well as integration of human rights criteria into its Supplier Code of Conduct. Lantmännen Agroetanol [publicly reports](#) on its supply chain and project risks, including human rights risks. Its cooperative model centers the company's operations and policies around worker concerns and facilitates transparent decision-making and [growing dividends](#) for cooperative members.



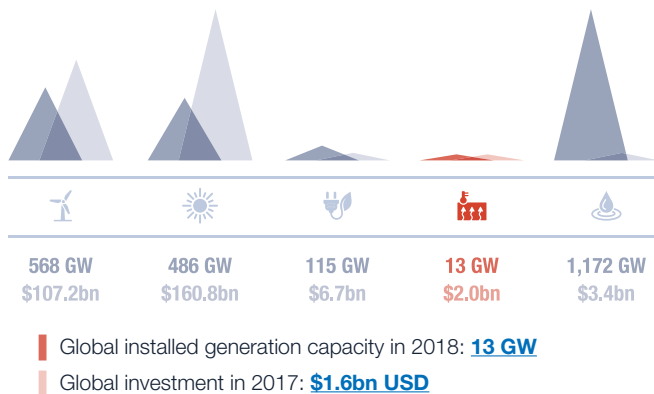


## Investor Snapshot: Geothermal Energy & Human Rights

Geothermal energy is generated by extracting heat from within the Earth. Its particular geological requirements make it highly site-specific, which creates risks of land conflicts and associated abuses.

For a full data set including information on allegations, companies, and geographical distribution, see the [accompanying spreadsheet](#).

### Subsector stats



### Human rights allegations

The Business & Human Rights Resource Centre has approached two companies facing allegations related to geothermal projects since 2010. One company responded to the allegations and one company did not.

**Companies were approached about allegations in the following countries:**



### Subsector sector-specific human rights risks

Based on the two company allegations recorded by the Business & Human Rights Resource Centre, companies involved in geothermal energy projects are particularly at risk for: **violating indigenous peoples' rights**, including lacking **free, prior, and informed consent** (FPIC), and **access to information; land rights** including access to clean water; and **causing or contributing to violence, intimidation, and threats**, including arbitrary detention and beatings. Additional research raises concerns related to **labour rights**.

### Summary of company policies and practices

In 2018, the Business & Human Rights Resource Centre [surveyed](#) 15 geothermal companies and found that:

3/15

3 had a human rights commitment in place (**20%**)

6/15

6 had a commitment to ongoing consultations with affected communities (**40%**)<sup>1</sup>

5/15

5 had developed a grievance mechanism (**33%**)<sup>2</sup>

4/15

4 demonstrated core labour rights commitments (**27%**)<sup>3</sup>

### Opportunities for investor action

Investors can engage prior to and during investment by asking companies key questions:

- Does the company have a publicly available commitment to respect human rights that refers to internationally recognised norms?
- Does the company have a human rights due diligence process in place to identify and address salient human rights risks before they become abuses?
- Does the company provide a grievance mechanism to workers and community members when rights abuses occur, as outlined by [Principle 31 of the UN Guiding Principles on Business and Human Rights](#)?
- Does the company expect its suppliers and business partners to adhere to the same human rights standards, and does it include this expectation in contracts and agreements?

See [here](#) for a list of actions investors can take to ensure renewable energy investments respect human rights.

## Case studies

### RED FLAGS FOR INVESTORS:

- Weak or inadequate responses to community concerns
- Lack of provision of or engagement in remedy processes when concerns arise
- Lack of processes for preventing or mitigating environmental harms

### POSITIVE STEPS FOR INVESTORS TO LOOK-OUT FOR:

- Long-standing and ongoing engagement with local communities
- Mutual agreement between company and legitimate community representatives outlining benefit-sharing and monitoring of respect for communities' rights
- Integration of traditional decision-making processes into company operations

### INDONESIA

#### PROLONGED DISREGARD FOR COMMUNITY CONCERNS ESCALATES HUMAN RIGHTS RISKS

The Baturraden geothermal power plant in central Java is expected to generate 220 MW of electricity, making a significant contribution to Indonesia's sharply increasing energy demand. However, the project, developed by independent power producer PT Sejahtera Alam Energy (SAE), has faced several rounds of protests by local community members [expressing alarm](#) over the mud and debris contaminating local water sources, which was attributed to runoff from the construction of the geothermal power plant. Villagers were forced to filter the water before use and were concerned that the progressive muddying of local water would lead to a drop in tourist visits to the nearby waterfalls. In 2017, 24 protestors were [detained and beaten](#) by Indonesian authorities. With an estimated \$1 billion in project costs and a projected operational date of 2022, SAE's continued refusal to mitigate its human rights impacts or provide remedy for the harms caused presents risks to the overall success of the project.

### NEW ZEALAND

#### COMMUNITY INVESTMENT AND SHARED RISK CAN RESULT IN SHARED BENEFIT

Contact Energy is New Zealand's second-largest generator of electricity, with a portfolio made up of geothermal, hydropower, and natural gas. New Zealand's indigenous Maori communities own land that includes vast geothermal steam fields, and through extensive consultation Contact Energy has established mutually beneficial relationships with Maori land trust leaders.

In its response to the Resource Centre's survey, Contact Energy noted that its staff are members of the communities in which they operate. Local values of ethical behaviour known as "Nga Tikanga" are manifested in Contact Energy's consultation protocols. For example, the company funds community members' travel to consultation meetings in an effort to make meetings accessible.

In 2011, a Taupo Maori land trust signed an agreement with Contact Energy allowing the company to drill for geothermal exploration. The Tauhara Moana Trust made a deal to share in the risk with Contact Energy, which was a departure from many of the royalty-based agreements between other Maori trusts and energy companies. The trust represents around 800 people, and a statement from its chairman included the idea that, *"It is far better to be part of a project, be informed and be active partners than be on the outside and in the shadows."*

1 Three companies (Contact Energy, Supreme Energy and AP Renewables) had a commitment to consultations but did not have an overarching commitment to human rights

2 Only one of these companies (Marubeni) had both a grievance mechanism and an overarching commitment to human rights

3 Two of these companies (Contact Energy and Reykjavik Geothermal) had a commitment to core labour rights but not an overarching commitment to human rights

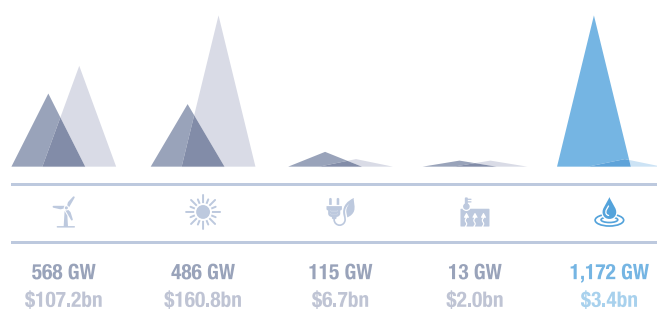
# Investor Snapshot: Hydropower & Human Rights

Hydropower projects face a number of serious human rights risks, running the gamut from concerns linked to negative impacts on livelihoods, water access and sanitation and decrease of river flow, displacement of local populations, to violations of labour rights, right to food and of free, prior, and informed consent and indigenous peoples' rights. As of 2017, renewable energy is the sector with the **third most frequent** allegations of attacks and intimidation of human rights defenders worldwide (behind mining, and agribusiness) and hydropower is the subsector within renewable energy with the highest number of allegations.

For a full data set including information on allegations, companies, and geographical distribution, see the [accompanying spreadsheet](#).

In addition, there is growing debate about whether hydropower, in particular large-scale projects, should be categorised as renewable energy, given concerns related to high levels of greenhouse gas emissions and damage to ecosystems that result from these projects. Some [studies argue](#) that given high emissions of CO<sub>2</sub> and methane by hydroelectric dams, especially those located in the tropics, these should not be considered a clean or renewable energy source. This briefing includes an analysis on hydropower as these projects continue to be classified under renewable energy by some investors.

## Subsector stats



Global installed generation capacity in 2018: **1,172 GW**

Global investment in 2017: **\$3.4bn USD in small hydro**

**of livelihoods**; causing or contributing to **violence, intimidation, and threats** up to and including death threats; infringing on **land rights** such as access to food and clean water; and violating **labour rights**, including freedom of association and health and safety concerns such as **workplace injury and death**.

## Summary of company policies and practices

In 2016, the Business & Human Rights Resource Centre [surveyed](#) 13 hydropower companies and found that:



- 7 had a human rights commitment in place (**53%**)
- 2 had a commitment to free, prior, and informed consent (**15%**)<sup>1</sup>
- 12 had a commitment to ongoing consultations with affected communities (**92%**)

## Human rights allegations

The Business & Human Rights Resource Centre has approached 67 companies regarding 110 allegations related to hydropower projects since 2010. Companies responded to 67 of the allegations and did not respond to the remaining 43.

### Companies were approached about allegations in the following countries:

*Note: only the top nine countries are included here, for a full list of countries see the accompanying spreadsheet*



## Subsector sector-specific human rights risks

Based on the 67 company allegations recorded by the Business & Human Rights Resource Centre, companies involved in hydropower projects are particularly at risk for abuses of: **indigenous peoples' rights**, including lacking **free, prior, and informed consent (FPIC)**, and causing or contributing or contributing to **displacement and loss**

## Opportunities for investor action

Investors can engage prior to and during investment by asking companies key questions:

- Does the company have a publicly available commitment to respect human rights that refers to internationally recognised norms?
- Does the company have a human rights due diligence process in place to identify and address salient human rights risks before they become abuses?
- Does the company provide a grievance mechanism to workers and community members when rights abuses occur, as outlined by [Principle 31 of the UN Guiding Principles on Business and Human Rights](#)?
- Does the company expect its suppliers and business partners to adhere to the same human rights standards, and does it include this expectation in contracts and agreements?

See [here](#) for a list of actions investors can take to ensure renewable energy investments respect human rights.

## Case studies

### RED FLAGS FOR INVESTORS:

- General red flag for hydropower projects: Over [500 NGOs](#) have called for hydropower projects not to be considered clean, sustainable, or renewable due to severe environmental & social impacts
- Lack of disclosure of social, environmental, and human rights impacts, including greenhouse gas emissions and/or cumulative impacts with other hydroelectric and extractive projects in operation's area
- Lack of adherence to international standards for construction and displacement policies, as well as due diligence and mitigation plans in the case of dam failure
- Inadequate or lack of consultations and access to information for local communities, in particular due diligence regarding free, prior, and informed consent for indigenous peoples
- Violence and attacks against those who oppose hydroelectric projects

### POSITIVE STEPS FOR INVESTORS TO LOOK-OUT FOR:

- Lead a process of free, prior, and informed consent with local communities that is responsive to concerns and respects communities' right to refusal of projects
- Escalating risk mitigation processes up to and including company willingness to cancel project if community consent is not obtained

### LAOS

#### INADEQUATE MEASURES UPFRONT COMPOUND FUTURE PROBLEMS

In July 2018, the Xe-Pian Xe-Namnoy dam in Laos collapsed, [killing at least 40 people](#) and [displacing over 6,600](#). To some communities most acutely impacted by the disaster, this was seen as an outcome that could have been avoided if the companies involved in the project had heeded [longstanding community concerns](#).

From the outset, communication and consultation with potentially impacted communities was fraught and often seen by communities as inadequate. This pattern continued up to and following the 2018 dam collapse, with [some reports](#) contending the company saw warning signs of infrastructure failure days ahead of time but did not take necessary precautions to ensure civilian safety. The dam collapse sent shockwaves throughout the country, with the Laotian government [blaming](#) the collapse on "poor planning" and temporarily suspending all hydropower projects. The \$1.2 billion project remains stalled, and Xe-Pian Xe-Namnoy Power Company and other project stakeholders now face calls to compensate victims.

### CHILE

#### WHEN PROJECT CANCELLATION IS THE RESPONSIBLE CHOICE

When local communities in Chile's Patagonia region opposed the creation of six planned dams, citing social and environmental concerns and the potential negative impacts on local tourism, the project developer took the unusual step to fully heed to these concerns. Endesa Chile (currently called Enel Generación Chile), had already invested \$52 million USD in the project. The company ultimately [withdrew](#) its water rights in response to community concerns and the lack of free, prior, and informed consent. Similarly, Endesa Chile withdrew from the Neltume hydroelectric project in the Los Rios region after local Mapuche community members [raised concerns](#) about the project's impacts on indigenous peoples' rights, including cultural and religious ceremonies.

1 One of these companies, DESA, also had an allegation about its implementation of this commitment

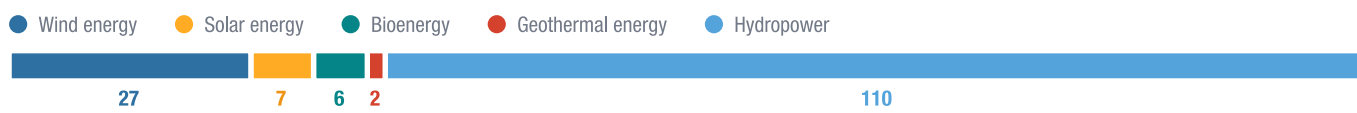


## Annex: Additional Charts & Statistics

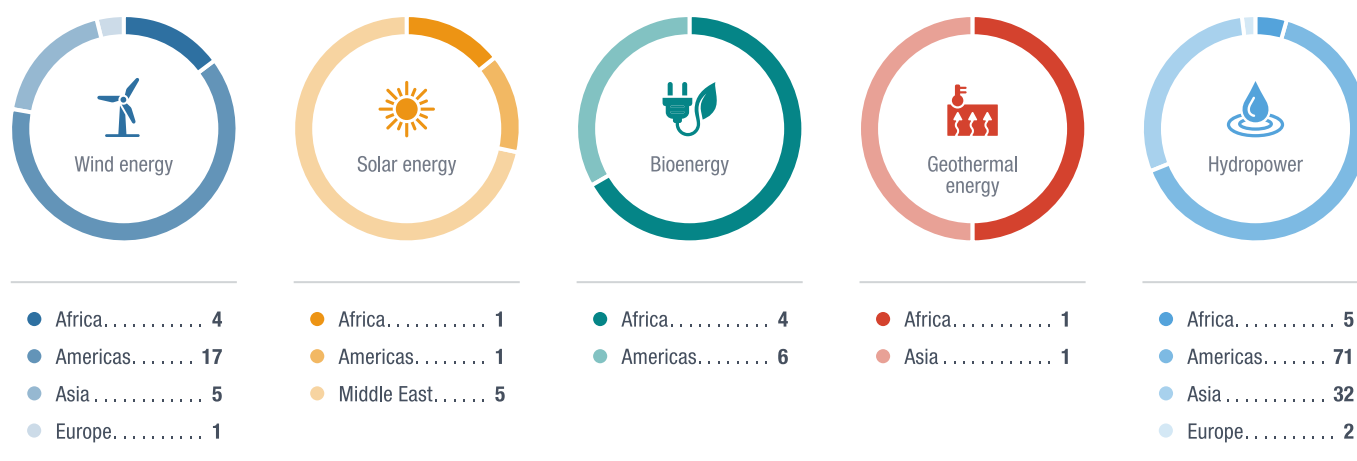
The tables below are based on allegation statistics recorded by the Business & Human Rights Resource Centre since 2010. Because some companies have more than one allegation against them, data is analyzed both for the number of companies with allegations against them as well as for the full number of allegations recorded.

For a full data set including information on allegations, companies, and geographical distribution, see the [accompanying spreadsheet](#), as well as our previous briefings on [wind and hydropower](#) and [solar, bioenergy, and geothermal](#).

### Allegations by Subsector



### Allegations by Subsector Disaggregated by Region



### Company Response Rates to Allegations



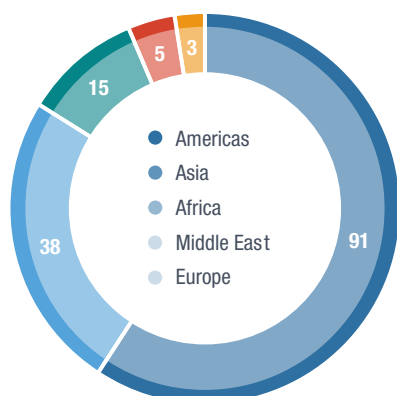
### Renewable Energy Companies With Human Rights Policies in Place



### Solar, Bioenergy & Geothermal Companies Surveyed in 2018

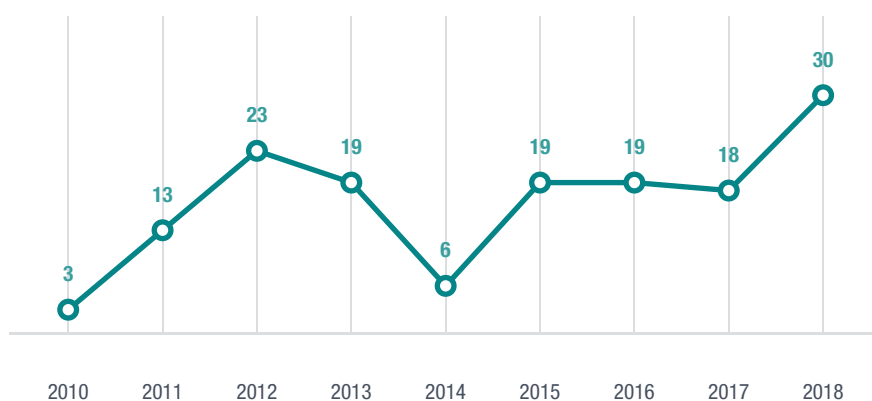


### Regional Distribution of Company Allegation Approaches



### Company Allegations 2010–2018

○ Number of times companies have been approached about allegations





## Business & Human Rights Resource Centre

July 2019

Business & Human Rights Resource Centre is an international NGO that tracks the human rights impacts (positive & negative) of over 8,000 companies in over 180 countries making information available on its eight language website. We seek responses from companies when concerns are raised by civil society. The response rate is 73% globally.

The authors of this briefing, Annie Signorelli and Eniko Horvath, would like to thank the wide group of people who made this briefing possible including the global team at Business & Human Rights Resource Centre.

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**Note:** Experts provided feedback at various stages of the briefing, but did not have discretion over the final content.

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