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POLICY PAPER

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Investing Responsibly

Why Financial Sector Accountability is Key to a Fair Transition

Key highlights

Despite a series of progressive laws in Europe under the European Green Deal, the exclusion of financial actors from the scope of the Corporate Sustainability Due Diligence Directive (CSDDD) may allow for continued investments in environmentally damaging activities. This undermines the goals of the Directive, which mandates companies to conduct appropriate human rights and environmental due diligence with respect to their operations, the operations of their subsidiaries, and the operations of their business partners. When it comes to mitigating the effects of climate change, institutional investors – from sovereign wealth funds through pension funds to insurance and private funds – play a significant role in allocating financial resources towards decarbonisation. For the energy transition to be inclusive and fair, institutional investors must adopt a rights-based approach and integrate strong

human rights and environmental due diligence to identify risks across the renewable energy value chain. These risks may include forced labour and hazardous work, inadequate implementation of free, prior, and informed consent (FPIC) that neglects Indigenous rights, displacement of communities, loss of livelihoods and access to land, and environmental degradation. Failure to conduct strong human rights and environmental due diligence can exacerbate adverse human rights and environmental impacts, and result in communities' opposition to projects and loss of the social license for companies to operate. Investors should encourage investee companies to disclose their due diligence process, findings and steps towards mitigation in alignment with international frameworks on business and human rights and to ensure a fast but inclusive and fair energy transition.

Recommendations

- **Institutional investors should embrace a rights-based approach to risk assessment**, and systematically integrate human rights considerations throughout the renewable energy value chain. This approach will not only help identify and mitigate potential risks but also ensure that investments promote and respect human rights.

- To effectively assess and manage human rights and environmental risks in alignment with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines), institutional investors should embed detailed, qualitative assessments of investee companies' adherence to international business and human rights norms into their responsible investment strategies. This should complement existing corporate strategies and annual sustainability reporting mechanisms.
- Institutional investors should communicate their due diligence and responsible investment strategies to investee companies, both directly and indirectly, via environment, social and governance (ESG) data and proxy voting service providers to strengthen due diligence on human rights and the environment.

- To ensure a rights-based approach in their analysis, **ESG service providers should integrate human rights considerations throughout their methodologies** and align analysis with international standards such as the UNGPs and OECD Guidelines. ESG service providers should enhance data collection and reporting to include comprehensive information obtained through engagement with rightsholders.

- **The European Union and its Member States should enhance policy coherence and align legislation on corporate sustainability due diligence with the financial sector.** This includes passing

legislation on sustainable finance that specifically brings financial actors within the scope of the Corporate Sustainability Due Diligence Directive (CSDDD). To safeguard the rights of individuals affected by business activities across the renewable energy value chain, state actors should mandate that business actors, including investors, adopt a rights-based approach. This approach should be aligned with the UNGPs and the OECD Guidelines.

Six key steps for integrating a rights-based approach

Prior to investment

- 1** Adopt robust investment strategies and policies prioritising human rights and environmental impacts throughout the renewable energy value chain.
- 2** Map and assess adverse human rights and environmental risks and impacts across the value chain. Further screen and profile companies using a rights-based approach. This involves aligning risk assessment practices with international frameworks such as the UNGPs and the OECD Guidelines.

During investment

- 3** Strengthen due diligence practices to identify, monitor, and assess the severity of human rights and environmental risks and impacts throughout the value chain.
- 4** Clearly communicate expectations, including disclosure of due diligence practices, to service providers and investee companies and establish clear mechanisms to prevent, mitigate, and remediate human rights and environmental risks in accordance with international frameworks.

5 As part of monitoring, engage meaningfully with stakeholders including business affected rightsholders on a regular basis and use collective leverage where possible to influence investee companies' due diligence practices.

Divestment and exclusion

6 As a last resort, consider divestment and exclusion after repeated failed attempts by investee companies to mitigate adverse human rights and environmental impacts. The decisions and efforts made should be communicated clearly including press releases to enhance accountability.

Background

As temperatures and greenhouse gas emissions (GHGs) continue to break records worldwide, the devastating impacts of climate change are already affecting people's lives and the environment across the globe. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), as well as the Emissions Gap Report 2023 of the United Nations Environment Programme (UNEP), clearly underline the need for urgent global action to secure a world that is liveable and sustainable.¹ While climate action, including swift energy transition, is urgently needed to mitigate the impacts of climate change, the energy transition cannot repeat the injustices associated with the extractive industry and large-scale infrastructure projects, such as the displacement of local communities, forced labour and environmental destruction.² On the contrary, the energy transition should be seen by duty bearers, including the state and business actors, as an opportunity to address and redress the legacy of injustices often associated with both exploitative and exclusionary business practices.³

The paper aims to prompt discussions on the role of investors as business actors and how they can integrate a rights-based approach into corporate due diligence and ensure an inclusive and fair energy transition. It particularly highlights shortfalls in recent policy initiatives to integrate rights-based approaches to identify, assess and

remediate human rights and environmental risks in renewable energy value chains. The paper begins with a discussion on rights-based approach and roles of duty bearers and business actors followed by a brief overview of policy initiatives on sustainable finance and corporate due diligence in the European Union (EU) that discusses critical gaps in current legislation to implement rights-based approach across the renewable energy value chain. This is then followed by a mapping of relevant human rights and environmental risks across the renewable energy value chain, and discussions on the importance of investors implementing due diligence across the value chain.

The paper recommends that EU Member States should bridge the critical gaps between inter-related legislations and ensure that due diligence practices performed by investors and investee companies consistently respect and protect human rights and the environment, in alignment with authoritative frameworks on business and human rights, including the UNGPs and OECD Guidelines.⁴ It also recommends that institutional investors should adopt a rights-based approach and integrate human rights and environmental risk assessments across their investments in the renewable energy value chain. This includes applying measures to ensure that environment, social and governance (ESG) data and proxy voting service providers – as well as investee companies – comply and implement due diligence practices that incorporate a rights-based approach to achieve inclusive and fair energy transition.

Rights-based approach and roles of state and business actors

An inclusive and fair energy transition requires duty bearers to adopt and integrate a rights-based approach across the energy value chain. Such an approach requires duty bearers to respect and protect human rights and the environment in alignment with globally authoritative business and human rights frameworks such as the UNGPs and OECD Guidelines mentioned above. It also requires duty bearers to redress historic

inequities and power asymmetries that place a disproportionate burden of human rights and environmental risks upon disadvantaged and vulnerable groups that have contributed the least to climate change.

As primary duty bearers, state actors have the obligation to protect human rights and the environment, including through implementing regulatory measures that effectively reduce GHGs in alignment with the Paris Agreement without any further delay.⁵ State actors must also ensure a healthy environment for people at the forefront of raw material extractions and land acquisitions for energy infrastructures.⁶ As part of their obligations, they must also protect the rights of business-affected people – including workers and members of local communities – to seek, receive and impart information and participate meaningfully in decision making, as well as having access to effective remedy in alignment with both the UNGPs and OECD Guidelines.

Business actors also bear critical responsibilities to respect human rights and ensure that business operations do not harm human rights and threaten planetary health or inhibit the right to a healthy environment for current and future generations.⁷ In the context of an inclusive and fair transition, such responsibilities do not solely rest upon extractive industry and energy companies, but also upon financial actors – including institutional investors that allocate financial resources through asset ownership and management. In its stock taking efforts involving a series of consultations with stakeholders and rightsholders, the UN Working Group on Business and Human Rights has repeatedly underlined the responsibilities of institutional investors to respect human rights according to the UNGPs.⁸

Critical legislative gaps

While it is essential for state and business actors to adopt and implement rights-based approach to safeguard inclusive and fair energy transition, there are a number of legislative gaps. From corporate sustainability reporting through to sustainable finance to corporate sustainability due

diligence, as well as trade rules and regulations focusing on forced labour and commodities trade, regulation particularly in Europe is increasingly geared towards strengthening corporate due diligence and reporting practices under the banner of the European Green Deal.⁹ In terms of corporate disclosure, EU Regulation 2019/2088 on sustainable finance disclosure and EU Directive 2022/2464 on corporate sustainability reporting both seek to strengthen reporting and disclosure requirements for financial actors and businesses respectively to incorporate impacts on environmental sustainability.¹⁰ Together with EU Regulation 2020/852 (commonly referred to as ‘taxonomy regulation’), which provides EU-wide classification on environmentally sustainable economic activities, EU Regulation 2019/2088 was devised to achieve transparency on how investors integrate sustainability risks in their financial reporting. Through reporting and disclosure of sustainability risks in financial products, EU Regulation 2019/2088 further seeks to prevent financial actors from ‘greenwashing’, or falsely claiming positive impacts on environmental sustainability.

The latest legislation on sustainability – EU Directive 2024/1760 on corporate sustainability due diligence (CSDDD) – provides an added legislative layer for companies to address human rights and environmental risks and impacts, including by adopting and implementing climate transition plans. CSDDD is intricately linked to the interdependent EU Regulation 2019/2088 and EU Directive 2022/2464, both entailing reporting obligations. While the CSDDD applies across key parts of the company value chain (also referred to as the “chain of activities”), financial market participants such as institutional investors remain exempted from carrying out due diligence on their downstream beneficiaries – so-called “downstream due diligence”.¹¹ This omission can be addressed by EU Member States as CSDDD only sets out minimum requirements, and is being transposed and applied in different jurisdictions over the coming years in conjunction with other regulations in the EU, including conflict minerals, batteries and timber regulations, as well as the recently adopted Forced Labour Ban, which seeks to eradicate forced labour across global value chains.¹²

One of the key concerns regarding the emerging legislation includes a lack of alignment with international frameworks on business and human rights such as the UNGPs and the OECD Guidelines. For example, while disclosure requirements under both EU Regulation 2019/2088 and EU Directive 2022/2464 include human rights-related issues, they are treated as a topical subsector within a range of social factors. Furthermore, EU Regulation 2019/2088 falls short of requiring financial actors to identify and assess adverse risks in the value chain on an ongoing basis and to implement actions to mitigate risks, including meaningful engagement with stakeholders and rightsholders. As such, there is a strong need for coherence among legislations and reporting mechanisms to ensure that business actors, including investors, assess and mitigate adverse human rights and environmental risks according to the most progressive international standards. This is particularly important in the context of an inclusive and fair energy transition, as renewable energy value chains involve a multitude of actors that have long been associated with harmful human rights and environmental impacts.

Adverse human rights and environmental risks in the renewable energy value chain

To further understand why a rights-based approach is necessary to ensure inclusive and fair energy transition, it is important to understand the actors involved in renewable energy value chain. These include different actors from mining companies involved in extraction, processing and trade of critical energy transition minerals (or transition minerals), through manufacturers that produce and trade key components and equipment, as well as companies involved in construction, operation and maintenance of power generators and power transmission, and finally to those involved in decommissioning of power generators and disposal of components.

Adverse human rights and environmental risks in this complex chain include forced labour and hazardous working conditions. These risks are particularly prominent in mining and manufacturing, but also present throughout other parts of the value chain.¹³ Other known risks include displacement of communities affected by development and expansion of mining and energy infrastructures. As mines and energy infrastructures often involve tracts of land occupied and accessed by local population including Indigenous Peoples, their exclusion from land and other natural resources directly affects their livelihoods.

There are also environmental impacts related to mining and energy infrastructures, including environmental disasters occurring from mismanagement of mining waste and toxic spills, to collapse of dams.¹⁴ Mismanagement of mining waste and tailing dam failures have frequently exposed local communities to hazardous chemicals including heavy metals that threaten local ecology and the intergenerational health of community members.¹⁵ For example, soaring global demand for transition minerals, such as nickel, have accelerated the expansions of new mining concessions across Indonesia, which is the largest producer of nickel in the world.¹⁶ Mining expansions have also incurred deforestation and loss of livelihoods for community members that depend on access to forest resources.¹⁷ As nickel production increases, disposal of mining waste into the environment further threatens local communities' access to clean water and an environment free from toxic chemicals.¹⁸

Large-scale infrastructure such as hydropower dams have also incurred irreversible changes to major rivers across the globe. One such example is a series of hydropower dams across international rivers, such as the Mekong, where dams have not only changed river morphologies but also triggered deterioration of seasonally sensitive local ecosystems and biodiversity of the river. Such changes affect millions of people that depend on fisheries and riverbank farming for food.¹⁹ Other impacts of large-scale hydropower dams include displacement of riverine communities that fracture social cohesions.²⁰ Furthermore,

Renewable energy value chain and adverse human rights and environmental risk



catastrophic dam collapses have costed human lives adding to the heavy toll of environmental harms and disasters paid by local communities that often receive little or no benefits from renewable energy projects.²¹

Finally, across the renewable energy value chain, human rights and environmental defenders face severe oppression for claiming their rights.²² Business-affected communities and individuals including Indigenous Peoples are frequently disempowered, silenced and inhibited from voicing their concerns, seeking and imparting information, participating in decision making as well as claiming remedy and justice.²³ According to the Business and Human Rights Resource Centre, close to 30 percent of the attacks against human rights and environmental defenders worldwide occur in extractive sector.²⁴ It is also evident that growing numbers of business-related conflicts stem from transition minerals extraction and renewable energy infrastructures.²⁵

Responsible investment for energy transformation

Considering the range of known adverse risks across the renewable energy value chain, it is also in the best interest of investors to uphold their commitments towards social and environmental impacts to minimise reputational and long-term financial risks.²⁶ In their stock-taking efforts in 2021, the UN Working Group on Business and Human Rights called for investors to speed up and scale up their efforts to implement UNGPs to inhibit the devastating impacts of business activities on human rights and the environment.²⁷ The report by the UN Working Group on Business and Human Rights submitted to the Human Rights Council in May 2024 further emphasises the importance of institutional investors to adopt ‘integrated and interconnected’ assessments on human rights and sustainability criteria.²⁸ With combined assets estimated between US\$120 and 170 trillion, institutional investors have the power to influence companies through their asset ownership and management practices.²⁹ They also have the power to collectively influence how

different industries are organised, as well as how countries become integrated into the global economic structure.³⁰

One example of collective influence is the UN-led Principles for Responsible Investment (PRI). Since its establishment in 2006, PRI has been initiating efforts among investors to incorporate societal and environmental risks into investment risk assessments.³¹ The steady growth of PRI signatories, especially since the adoption of the Paris Agreement in 2015, demonstrates a growing awareness among asset owners and managers about non-financial risks, such as societal and environmental risks that are often framed as ESG risks. The growth of PRI signatories also mirrors global regulatory trends, including EU regulations that require businesses to disclose non-financial information, especially on how the companies identify and manage risks related to sustainability, labour rights and human rights. Industry alliances such as PRI encourage investors to share good practices voluntarily among its peers and to promote responsible investment practices collectively through standardised annual performance reports describing responsible investment approaches and outcomes.

Some of the leading members of PRI, including pension funds, are already communicating their commitments towards environmental sustainability and human rights as part of their long-term investment strategies. For example, Norges Bank Investment Management outlines specific expectations for investees and others regarding their efforts to integrate a double materiality approach, meaning they not only need to report on financial outcomes but also on external impacts on both society and the environment.³² The Council on Ethics of the Swedish National Pension Funds also highlights the stewardship role of investors, which includes aligning investment practices in accordance with the UNGPs.³³ Demonstrated by institutional investors, these efforts not only signal heightened expectations towards investee companies, but also encourage peers in the financial community to follow good practices to respect human rights and the environment.

At the same time, however, ESG approaches in the financial sector have been criticised by civil society organisations (CSOs) and experts for relying on limited sources of information to identify and assess human rights and environmental risks. For instance, inputs from CSOs and national human rights institutions to the UN Working Group on Business and Human Rights' 2024 report on Investors, ESG and Human Rights point to limited information used by investors to benchmark companies' ESG practices.³⁴ Similarly, the inputs highlighted limited efforts made by investors to proactively seek granular information on the adverse human rights and environmental risks faced by human rights and environmental defenders.³⁵ These shortfalls of ESG approaches in the financial sector are underscored in the UN Working Group of Business and Human Rights' 2024 report, which emphasises the need for investors to embed rights-based approaches at the organisational level and deliver on their responsibilities in close alignment with both the UNGPs and OECD Guidelines.³⁶

It is, therefore, particularly important for asset owners to allocate sufficient resources to seek out information other than regulatory risks and controversies, and to integrate human rights and environmental risk assessments methodically in their investment portfolio. This is particularly essential for the renewable energy sector value chain, considering the range of adverse risks across the value chain. Some instances require asset owners to develop effective engagement strategies and holding dialogues with investees as well as rightsholders affected by investment activities. It is also important for asset owners to proactively communicate with peer groups and regulators and make demands to asset managers to disclose information on companies and carry out due diligence in alignment with both the UNGPs and OECD Guidelines. Finally, institutional investors also need to clearly communicate their expectations to service providers and investee companies, as well as setting up clear mechanisms to prevent, mitigate and remediate human rights and environmental risks throughout the investment cycle.

Conclusion

While a fast energy transition is necessary, efforts to power the economy with renewable energy cannot continue to exacerbate and expand the miseries of 'sacrifice zones', whereby state and business actors are failing to fulfil their obligations and responsibilities to protect human rights, including the right to enjoy a clean, healthy and sustainable environment.³⁷ For energy transitions to be inclusive and fair, state actors such as EU Member States must continue to develop coherent legislation that is aligned with international frameworks on business and human rights. While ESG integration is an evolving practice, it needs to improve the ways in which human rights and environmental risks are assessed. It is essential that regulatory frameworks in the financial sector are strengthened, to ensure the respect for human rights in investment decisions, and to prevent investors and companies from falsely claiming positive impacts on environmental sustainability.

It is also important for investors to recognise that, while investing in renewable energy infrastructure may contribute to partial reduction of GHGs, it is not entirely exempt from human rights and environmental risks.³⁸ On the contrary, extractive industry and energy infrastructures are characterised by high levels of adverse human rights and environmental risks. It is therefore essential for investors to strengthen their due diligence efforts continuously across the renewable energy value chain and improve current approaches to sustainability and human rights, as well as clearly communicating commitments across upstream service providers and downstream investee companies.³⁹ As enablers of the energy transition, institutional investors must also ensure that their assets do not cause and contribute to or become linked to environmental harm and human rights violations.

Endnotes

- 1 See Intergovernmental Panel on Climate Change (2023). 'Synthesis Report of the IPCC Sixth Assessment Report (AR6), An Assessment of the Intergovernmental Panel on Climate Change.' Geneva: IPCC and United Nations Environment Programme (2023). 'Emissions Gap Report 2023: Broken Record – Temperatures Hit New Highs, Yet World Fails to Cut Emissions (Again).' Nairobi: UNEP.
- 2 See Scheidel, A., Fernández-Llamazares, Á., Bara, A. H., Bene, D. del, David-Chavez, D. M., Fanari, E., Garba, I., Hanaček, K., Liu, J., Martínez-Alier, J., Navas, G., Reyes-García, V., Roy, B., Temper, L., Thiri, M. A., Tran, D., Walter, M., and Whyte, K. P. (2023). Global impacts of extractive and industrial development projects on Indigenous Peoples' lifeways, lands, and rights. *Science Advance*. 9(23), eade9557. <https://www.science.org/doi/full/10.1126/sciadv.ade9557> (Accessed on 1 October 2024) and Pollon, C. (2023). 'Pitfall: The Race to Mine the World's Most Vulnerable Places.' Vancouver, Berkeley and London: Greystone Books and David Suzuki Institute.
- 3 UN Secretary-General's Panel on Critical Energy Transition Minerals has issued guiding principles on sourcing minerals including copper, lithium, nickel and cobalt, placing human rights at the core of energy transition. See United Nations Secretary-General's Panel on Critical Energy Transition Minerals (2024). 'Resourcing the Energy Transition: Principles to Guide Critical Energy Transition Minerals towards Equity and Justice.'
- 4 United Nations General Assembly (2011). 'The Guiding Principles on Business and Human Rights.' Geneva: United Nations Human Rights Council and OECD (2023). 'OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Paris. OECD Publishing.'
- 5 See United Nations Environment Programme (2023). 'Global Climate Litigation Report: 2023.' Nairobi: UNEP. The report demonstrates a growing numbers of climate litigations against states and private sector entities across the globe. See also Sabin Center for Climate Change Law's Global Climate Change Litigation database, <https://climatecasechart.com/non-us-climate-change-litigation/>
- 6 See United Nations General Assembly (2022). 'The Human Right to a Clean, Healthy and Sustainable Environment.' UN Doc R A/RES/76/300. In the context of energy transition, it is especially important for state actors to safeguard a non-toxic environment, clean air, healthy ecosystems and biodiversity, and safe and sufficient water, among others.
- 7 See Lagerqvist, Y. and Wählin, M. (2022). 'Safeguarding the Right to A Healthy Environment: The Roles of States and Business Actors.' Stockholm: Swedwatch. <https://swedwatch.org/publication/policy-paper/the-right-to-a-healthy-environment-what-now-for-business/> (Accessed on 11 September 2024).
- 8 See United Nations Working Group on Business and Human Rights (2021). 'Taking Stock of Investor Implementation of the UN Guiding Principles on Business and Human Rights.' UN Doc A/HRC/47/39/Add.2. The report was issued as part of UNGP+10 stock taking and has incorporated perspectives of stakeholders and rightsholders through a series of consultations about extending due diligence practices in the financial sector in alignment with the UNGPs. See also United Nations Working Group on Business and Human Rights (2024). 'Investors, Environmental, Social and Governance Approaches and Human Rights: Report of the Working Group on the Issue of Human Rights and Transnational Corporations and other Business Enterprises.' UN Doc A/HRC/56/55.
- 9 See European Green Deal, <https://ec.europa.eu/stories/european-green-deal/>.
- 10 See European Union (2019). Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainability-related Disclosures in the Financial Services Sector, Fundamental Texts on European Private Law. Official Journal of the European Union. <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>; European Union (2020). Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, Official Journal of the European Union, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>; and European Union (2022). Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, Official Journal of the European Union, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464>.
- 11 See Recital (26) of European Union (2024). Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859, Official Journal of the European Union, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401760. The exemption of financial actors from downstream due diligence responsibilities is contentious as the financial sector also falls under the scope of business actors, according

- to both UNGPs and OECD guidelines. See also OECD Watch (2024). 'Alignment within Reach: Remaining Opportunities to Align the EU CSDDD with the OECD Guidelines.' Amsterdam: OECD Watch. <https://media.business-humanrights.org/media/documents/Alignment-within-reach-OECD-WATCH.pdf> (Accessed on 11 September 2024).
- 12 See Danish Institute of Human Rights (2024). 'How do the Pieces Fit in the Puzzle? Making Sense of EU Regulatory Initiatives Related to Business and Human Rights.' Copenhagen: Danish Institute of Human Rights. <https://www.humanrights.dk/publications/how-do-pieces-fit-puzzle-making-sense-eu-regulatory-initiatives-related-business-human> (Accessed on 11 September 2024) and OECD Watch (2024), as well as United Nations Principles for Responsible Investment (2024). 'Investor Briefing: EU Corporate Sustainability Due Diligence Directive (CSDDD).' London: UNPRI.
- 13 For instance, see Kara, S. (2023). 'Cobalt Red: How the Blood of the Congo Powers Our Lives.' New York: St. Martin's Press. The book covers forced child labour in the Democratic Republic of Congo extensively. On modern-day slavery in manufacturing, see Cockayne, J., Huerta, E. R. and Burcu, O. (2022). 'The Energy of Freedom'? Solar energy, modern slavery, and the just transition', Nottingham: University of Nottingham. See also Business and Human Rights Resource Centre (2023). 'Renewable Energy & Human Rights Benchmark.' London: BHRRC. https://media.business-humanrights.org/media/documents/2023_Renewable_Energy_Benchmark_EN.pdf (Accessed on 11 September).
- 14 The most notable tailing dam failures include Mariana dam in 2015 and Brumandinho dam in 2019 both in Brazil. Saddle dam collapse in southern Laos in 2018 has wiped out 19 villages, not only causing death but also displacing more than 14,000 people. See de Schutter, O., Hopenhaym, F., Karsaka, E., Ramasastry, A., Yeopanthong, P., Lawlor, M., Jimenez-Damary, C., Rajagopal, B., Arrojo-Agudo, P., and Boyd, D. R. (2022). 'Lao Dam Disaster: UN Experts Decry Lack of Progress for Survivors Four Years.' <https://www.ohchr.org/en/press-releases/2022/07/lao-dam-disaster-un-experts-decry-lack-progress-survivors-four-years> (Accessed on 11 September 2024).
- 15 See Pollon (2023). Also, United Nations Office of the High Commissioner for Human Rights (2022). 'Additional Sacrifice Zones: Supplementary Information to the Report of the Special Rapporteur, David R. Boyd, on the Issue of Human Rights Obligations Relating to the Enjoyment of a Safe, Clean, Healthy and Sustainable Environment.' United Nations Office of the High Commissioner. UN Doc Annex 1 to A/HRC/49/53 and Jakobsson, L.S. (2019). 'Copper with a Cost: Human Rights and Environmental Risks in the Mineral Supply Chains of ICT, A Case Study from Zambia.' Stockholm: Swedwatch. https://swedwatch.org/wp-content/uploads/2019/05/94_Zambia_uppslag.pdf (Accessed on 17 October 2024).
- 16 See Sasongko, N. A. (2024). 'Booming Indonesian Nickel Industry Faces Challenges Ahead.' The Diplomat. <https://thediplomat.com/2024/07/booming-indonesian-nickel-industry-faces-challenges-ahead/> (Accessed on 11 September 2024) and Steni, B. (2023) 'Critical Minerals: The Need for Market Standards.' Heinrich Böll Foundation Southeast Asia. <https://th.boell.org/en/2023/12/14/critical-minerals> (Accessed on 11 September 2024).
- 17 See Climate Rights International (2024). 'Nickel Unearthed: The Human and Climate Costs of Indonesia's Nickel Industry.' <https://cri.org/reports/nickel-unearthed/> (Accessed on 11 September 2024).
- 18 See article by Yuli, Z. (2024). 'Nickel Mining Operation Is "Slowly Killing Us", Indonesian Farmers Say.' Project Multatuli. <https://projectmultatuli.org/en/nickel-mining-operation-is-slowly-killing-us-indonesian-farmers-say/> (Accessed on 11 September 2024), as well as Al-Ayubby, A. (2024, June 14). 'The Workers Paying the Price for Indonesia's Nickel Boom.' New Mandala. <https://www.newmandala.org/the-workers-paying-the-price-for-indonesias-nickel-boom/> (Accessed on 1 October 2024).
- 19 Mekong Dam Monitor hosted by the Stimson Centre provides updated maps of dams across the Mekong River Basin, <https://www.stimson.org/2024/all-dams-map-of-the-mekong-basin/>. See also Mekong Butterfly (2019). 'Mekong: The Hidden Cost of Hydropower Dams.' Bangkok Mekong Butterfly; Fair Finance Thailand (2022). 'Time to Walk the Talk on Responsible Lending: The Case of Luang Prabang.' Bangkok: Fair Finance Thailand. <https://fairfinancethailand.org/media/aagj201n/the-case-of-luang-prabang-hydropower-project.pdf> (Accessed on 11 September 2024); and International Crisis Group (2024). 'Dammed in the Mekong: Averting an Environmental Catastrophe.' Brussels: International Crisis Group. <https://www.crisisgroup.org/asia/south-east-asia/cambodia-thailand-china/343-dammed-mekong-averting-environmental-catastrophe> (Accessed on 10 October 2024). Recent studies by scholars including Sor, R., Ngor, P. B., Lek, S., Chann, K., Khoeun, R., Chandra, S., Hogan, Z. S., and Null, S. E. (2023). 'Fish biodiversity declines with dam development in the Lower Mekong Basin', Scientific Reports, 13(1) as well as Baird, I. G., & Hogan, Z. S. (2023). 'Hydropower Dam Development and Fish Biodiversity in the Mekong River Basin: A Review', Water, 15(7) highlight the impacts of hydropower dams on the loss of biodiversity in the Mekong River Basin.
- 20 See Agudo, P. A., Boyd, D. R., Fakhri, M., and Jimenez-Damary, C. (2021). 'Joint Statement on the Human Rights of People Affected by Dams and Other Water Infrastructure.' <https://www.ohchr.org/en/statements/2021/11/joint-statement-human-rights-people->

- affected-dams-and-other-water-infrastructure?LangID=E&NewsID=27741 (Accessed on 11 September 2024).
- 21 See Perera, D., Smakhtin, V., Williams, S., North, T., and Curry, A. (2021). 'Ageing Water Storage Infrastructure: An Emerging Global Risk.' UNU-INWEH Report Series. Issue 11. United Nations University Institute for Water, Environment and Health, which highlights the risks of dams worldwide using timeseries data, and an article by Leffer, L. (2023). 'Dams Worldwide Area at Risk of Catastrophic Failure', Scientific American, <https://www.scientificamerican.com/article/dams-worldwide-are-at-risk-of-catastrophic-failure/> (Accessed on 11 September 2024). See also de Schutter et al. (2021).
 - 22 See Kara (2023) and Pollon (2023). Wählin, M. (2019). 'Defenders at Risk: Attack on Human Rights and Environmental Defenders and the Responsibility of Business.' Stockholm: Swedwatch. <https://swedwatch.org/wp-content/uploads/2021/01/mr-forsvara-re191209uppslag.pdf> (Accessed on 11 September 2024) also highlights a range of risks faced by defenders in mining and energy sectors, among others.
 - 23 See Global Witness (2023). 'Standing Firm: The Land and Environmental Defenders on the Frontlines of the Climate Crisis.' <https://www.globalwitness.org/en/campaigns/environmental-activists/standing-firm/> (Accessed on 11 September 2024) and Alliance for Land Indigenous and Environmental Defenders – ALLIED (2023). 'Uncovering the Hidden Iceberg. Rome: International Land Coalition.' <https://learn.landcoalition.org/en/resources/uncovering-the-hidden-iceberg-2023/> (Accessed on 11 September 2024) coverage of alarming patterns of attacks against indigenous peoples and land and environmental defenders. See also Wählin, M. (2014). 'Dränkta Rättigheter, Flytande Ansvar: En Rapport om Övergripping runt Bygget av Colombias Största Vattenkraftverk och Svenska Aktörens Ansvar.' Stockholm: Swedwatch. https://swedwatch.org/wp-content/uploads/2016/12/swedwatch_-_drankta_rattigheter_flytande_ansvar.pdf (Accessed on 17 October 2024).
 - 24 See Business and Human Rights Resource Centre (BHRRC)'s Human Rights Defenders Database, <https://www.bhrrc.org/en/from-us/human-rights-defenders-database/> and Transition Mineral Tracker <https://www.business-humanrights.org/en/from-us/transition-minerals-tracker/>. Mining is among the high-risk sectors for environmental and human rights defenders across the globe. A wide range of controversies surrounding mining companies and infrastructure projects can be found in BHRRC's Company Dashboard, <https://www.business-humanrights.org/en/companies/>. Global Witness and Frontline Defenders also monitor attacks against defenders (see <https://www.globalwitness.org/en/campaigns/environmental-activists/standing-firm/> and <https://www.frontlinedefenders.org/en/resource-publication/global-analysis-2022>).
 - 25 See UNOHCHR (2022) and Pollon (2023), among others.
 - 26 See Arounsavath, F. (2017). 'Turning the Tide: The Urgent Need to Shift Capital Flows to Climate Solutions, A Case Study of Ten Fund Management Companies.' Stockholm: Swedwatch. https://swedwatch.org/wp-content/uploads/2017/12/87_Turning-the-tide.pdf (Accessed on 17 October 2024).
 - 27 See UN Working Group on Business and Human Rights (2021).
 - 28 See UN Working Group on Business and Human Rights (2024).
 - 29 See International Renewable Energy Agency and Climate Policy Initiative (2023). 'Global Landscape of Renewable Energy Finance 2023.' Abu Dhabi: IRENA. IRENA and CPI uses the term 'institutional investors' for a core group including insurance companies, pension funds, sovereign wealth funds, as well as endowment and foundations, and others outside of the core group including asset managers and investment companies. In their 2024 global asset management reports, management consulting firms including McKinsey and Boston Consulting Group highlight the increase of global assets under management (AUM) at an estimated value of US\$170 trillion and US\$120 trillion, respectively.
 - 30 See Braun, B. and Christophers, B. (2024). 'Asset manager capitalism: An introduction to its political economy and economic geography', *Economy and Space*, 56(2), pp. 546–557.
 - 31 PRI is an industry initiative that works in partnership with the Financial Initiative of the United Nations Environment Programme and the United Nations Global Compact. There are more than 5,300 signatories to the PRI (as of June 2024). Although most of the signatories are asset managers there are also more than 730 asset owners that are registered as signatories. See <https://www.unpri.org/signatories/signatory-resources/signatory-directory>.
 - 32 See NBIM's organisational strategy on responsible investment, <https://www.nbim.no/en/responsible-investment/our-expectations/>.
 - 33 See Council on Ethics for the Swedish National Pension Funds, <https://etikradet.se/en/our-work/>. However, not all Swedish Pension Funds have clearly integrated their stewardship roles into investment strategy and sustainability policy.
 - 34 See inputs from Client Earth, Danish Institute of Human Rights, Business and Human Rights Resource Centre and Shift among others in Inputs Received, <https://www.ohchr.org/en/calls-for-input/2023/investors-esg-and-human-rights>
 - 35 See BHRRC's input in <https://www.ohchr.org/en/calls-for-input/2023/investors-esg-and-human-rights>. See also Muñoz Quick, P., Zbona, A., Dobson, C., and

- Ineichen, M. (2020). 'Safeguarding Human Rights Defenders: Practical Guidance for Investors.' New York: Investor Alliance for Human Rights, Business and Human Rights Resource Centre and International Service for Human Rights. <https://investorsforhuman-rights.org/sites/default/files/attachments/2020-04/Safeguarding%20Human%20Rights%20Defenders%20Practical%20Guidance%20for%20Investors%20FINAL%204-28-20.pdf> (Accessed on 1 October 2024).
- 36 See UN Working Group on Business and Human Rights (2024).
- 37 David Boyd, former Special Rapporteur on Human Rights and the Environment, has extensively documented 'sacrifice zones', where States and business actors fail to fulfil their obligations and responsibilities to protect people from exposure to pollution and toxic chemicals. Mining and smelting, manufacturing, transport and construction are identified as key industries that produce and release prodigious amounts of toxic chemicals into the environment. Sacrifice zones in association with the extractive industry are extensively documented, both by UNOHCHR (2022) and Boyd, D. R., and Hadley-Burke, M. (2022). 'Sacrifice Zones: 50 of the Most Polluted Places on Earth.' Vancouver: The University of British Columbia, Canada.
- 38 See UNOHCHR (2022).
- 39 See Business and Human Rights Resource Centre (2022). 'Investing in Renewable Energy to Power a Just Transition: Investor Guide.' London: BHRRC. https://media.business-humanrights.org/media/documents/2022_RE_investor_guide_vEYihQv.pdf (Accessed on 11 September 2024); Junghus, C., Wilderamsing, Vanpeperstraete, B., Ingrams, M., and Patz, C. (2023). 'A Little Downstream Goes a Long Way.' Amsterdam, Berlin, Brussels and Stockholm: European Center for Constitutional and Human Rights, European Coalition for Corporate Justice, Swedwatch, OECD Watch and SOMO. <https://swedwatch.org/wp-content/uploads/2023/04/policy-paperdownstream-due-diligence-in-practice230404.pdf> (Accessed on: 1 October 2024); and International Labour Organization and Principles for Responsible Investment (2024). 'Kikan Toshika Muke Business and Human Rights Guidelines [Business and Human Rights Guidelines for Institutional Investors, in Japanese].' Tokyo: ILO and PRI.

Author: Yayoi Lagerqvist
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