

IDENTIFICATION OF COUNTRY RISK

IMPACTS RISK SECTOR



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1. DEFINITION OF AREAS OF POTENTIAL HUMAN RIGHTS IMPACT

1.1. Introduction

Solar energy is essential to achieve net zero global emissions in line with the goals of the Intergovernmental Panel on Climate Change and has great potential to advance the Sustainable Development Goals (SDGs). Solar projects that respect human rights can also contribute to equitable territorial development and strengthen the livelihoods of communities.

However, the rapid expansion of global installed renewable energy capacity has been accompanied by increasing allegations and lawsuits against companies for their involvement in adverse human rights impacts. A key factor has been the lack of robust human rights programmes to prevent and address such impacts.

The Business and Human Rights Resource Centre (BHRRC) recorded more than 200 allegations of adverse human rights impacts in the renewable energy sector between 2010 and 2020, the highest number in the world. 44 % of which were related to the wind and solar sectors.¹

Human rights impacts can arise at every stage of the solar energy value chains, from forced labour during the extraction of transition minerals and component manufacturing, to community health impacts from disposal.

The UN Guiding Principles on Business and Human Rights (UNGPs) state that companies should identify human rights risks in their supply chains that are inherent to the operating context, the specific business activity, specific business partners and the presence of vulnerable groups. This report focuses on risks inherent to the operating or country context as a fundamental part of identifying the main human rights impacts (*salient issues*) that may result from Greenergy's activities in the countries of operation or from its business relationships.

Human rights due diligence (HRDDD) is an ongoing process of continuously assessing actual and potential human rights impacts, integrating and acting on findings, monitoring responses and communicating how they are addressed. HRDDD should not be confused with conducting a social audit. Furthermore, HRDDD differs from due diligence in the financial context, which generally looks at risks to business, whereas HRDD focuses on risks to people generated from business activity.

The objective of this report is to support Greenergy in conducting a HRDD and, in particular, in identifying and prioritising potential human rights impacts. The results can be incorporated into the company's risk management system, serve to engage business partners and suppliers in solar projects, and ultimately define the main human rights impacts and the types of actions to be taken in all business operations to manage and mitigate the impacts identified.

¹<https://www.business-humanrights.org/es/temas-centrales/recursos-naturales/renewable-energy/>

The identification of the most significant human rights risks by an external, independent company is also a recommendation of the UNGPs and allows for the establishment of the internal and external conversation and preliminary assumptions about the area of impact of the company in the country of operation.

1.2. Methodology

For the country risk study, a number of factors have been analysed to highlight areas of potential impact in the various countries of operation. The data discussed below is compiled from publicly available indices, resources and tools, including labour rights indices, human rights reports from government agencies and international organisations, gender equality indices and indicators, governance and corruption indices, human development indicators, reports on vulnerable groups, etc. depending on which issues are potentially most relevant in a country.

Respect for human rights in a country responds to structural factors that are slow to change. Both progress and setbacks in this area, when very marked, tend to be superficial and/or temporary. This report should serve as a starting point in the task of adding additional indicators and sources to the toolbox needed to monitor impacts on an ongoing basis. Operational context risk, or country risk, can change over time. The human rights situation in a country can deteriorate rapidly. The most up-to-date publicly available data has been considered, with sources provided so that Greenergy can easily update the information.

The exercise is developed on the basis of a desktop analysis, without prejudice to the fact that at a later stage, a deeper dive into the specific value chain of a country or operational context may be required.

Finally, the analysis adopts the framework of the UNGPs and their implementation manual, and considers the following international standards on responsible business practices, among others, as relevant normative framework² and considers as relevant normative framework, among others, the following international standards on responsible business practices:

- ILO Labour Standards and Conventions
- OECD Guidelines for Multinational Enterprises (2011)
- OECD Due Diligence Guidance for Responsible Business Conduct (2018)
- OECD Due Diligence Guidance for Responsible Supply Chains in the Apparel and Footwear Sector (2021)
- Other international standards and sectoral human rights benchmark initiatives.

According to the most recent literature, BHR applies the following criteria in its impact analysis:³

² United Nations (2012). *The corporate responsibility to respect human rights. Guidance for interpretation.*

³ See Danish Institute for Human Rights, *Human Rights Impact Assessment. Guidance and Toolbox (Copenhagen, 2014)*, BSR, *Conducting and Effective Human Rights Impact Assessment. Guidelines, Steps, and Examples (Copenhagen, 2013)*, World Bank, *Human Rights Impact Assessments: A Review of the Literature, Differences with other Forms of Assessments and Relevance for Development (Washington, 2013)*.

- Consideration of a wide range of impacts and application of international human rights standards in their definition and identification;
- Identification of rights-holders and, in particular, of specific groups in situations of vulnerability;
- Implementation of the relevance criteria established by the UNRP for their assessment (severity, extent and degree of remediability);
- Establishment of the level of connection to the impact (causes, contributes to cause or is related to).

The country risk reports are based on global indicators of political, social, cultural and economic aspects, and do not constitute a risk or impact assessment for Greenergy, but a snapshot that captures in a comparative manner certain trends and particularities with which human rights issues arise and are articulated in different countries and which form part of the analysis to define the list of potential issues.

1.3. Definition of impact areas

Greenergy's potential negative consequences affect a wide range of human rights which, according to the BHR methodology, can be classified into the following impact areas based on the nature of Greenergy's PV business in the countries of operation and the rights holders. These areas of potential human rights impact are:

- Labour rights
- Local communities
- Security
- Environment

a. Labour rights

This impact area concerns the following issues: selection, recruitment, remuneration (minimum wage, living wage), working hours, treatment and decent work, training, promotion, transfers, rest and family reconciliation. Social protection and insurance systems.

In the case of Greenergy, the most severe risk is at the level of contractors or suppliers, as Greenergy has very few workers in the countries of operation.

Who it may impact

Employees, suppliers, contractors, subcontractors, subcontractors and business partners. **Definition**

and typology

Selection and working conditions

Potential impacts of selection, recruitment, remuneration (minimum wage, living wage or living wage) and job quality management processes, e.g. those related to working hours, working hours, working time, working hours of employees, etc., on the quality of employment.

work, decent treatment and work, training, promotion, transfers, rest and family reconciliation. Also to the enjoyment of social protection and social insurance systems.

Trade union freedoms

Limits to trade union freedoms, the right to organise and collective bargaining, and the right to strike. Also to activities, individual or not articulated through trade unions, related to the right to free expression, assembly, association, etc.

Occupational health and safety

Impacts related to the prevention of occupational risks and accidents, promotion and maintenance of the highest possible level of physical, mental and social well-being of workers, protection of workers at their workplace against adverse health factors and maintenance of a working environment adapted to physical or mental needs.

Forced labour and modern forms of slavery

Coercion through the use of violence or intimidation, or by more subtle means such as debt bondage, the withholding of identity documents or threats to report to immigration authorities. Modern forms of slavery also include human trafficking, sexual exploitation, forced marriage or organ trafficking.

Child labour

Child labour is defined as at least one hour of paid work or 28 hours of domestic work per week for children aged 5 to 11; at least 14 hours of paid work or 28 hours of domestic work per week for children aged 12 to 14; and at least 43 hours of paid work or domestic work per week for children aged 15 to 17.

Child slavery takes its own forms, such as child soldiers, child marriage and domestic servitude.

Equality and non-discrimination

Negative impacts related to discrimination can occur in all contexts prior to the workplace. On the one hand, human rights are universal and all individuals are entitled to enjoy them on an equal basis with others. On the other hand, discrimination is often specifically referred to when the violation of a right is linked to a collective characteristic such as being a woman, an immigrant or having a disability.

Examples of human rights affected

- right to work
- to just and favourable conditions of work
- to wage protection
- to social security
- to vocational training
- right to physical and mental health and well-being
- to an adequate standard of living and means of subsistence
- to rest and a reasonable limitation of the duration of work
- to private and family life
- to motherhood
- at half-time
- to equality and non-discrimination at work

- to fair and satisfactory remuneration
- to equality in the workplace and pay equity
- freedom of association
- right to organise and collective bargaining.
- right to information, opinion and expression and the right to assembly and association
- right to health and safety at work
- to life and security
- the right not to be held in slavery, servitude, forced labour and similar institutions and practices
- to the free choice of work
- to physical and mental health

b. Communities

This impact area concerns the following issues: negative consequences for the inhabitants in the vicinity of the areas of operation of the parks that affect the way of life.

Who it may impact

Individuals and communities close to the company's own operation or that of supplier companies.

Definition and typology

Negative consequences for inhabitants in the vicinity of areas of operation that affect the way of life enjoyed so far. The main challenge in community relations is to understand and manage the diversity of local interests and the variety of ways in which company activity can have impacts - large and small, tangible and intangible, positive and negative, always interconnected and often contradictory - on the economic, political, social and cultural relations of the communities in which it operates.

The populations in the vicinity of renewable energy plants may enjoy benefits associated with the construction and maintenance of the projects (e.g. economic opportunities created in the construction and maintenance stages, land rental income, etc.). At the same time, Greenergy projects are likely to cause or contribute per se to intra-community conflicts, impacts in relation to communities, including with respect to land tenure (e.g. how land is acquired and communities are compensated).

and an exponential increase in the levels of violence in the area. Although in the case of solar farms, population resettlement or changes in livelihoods are usually smaller than in other traditional energy projects (beyond the reduction of cultivated area due to the occupation of land by solar panels, or the temporary cessation of activities during the construction phases), involuntary resettlement or other processes that undermine livelihoods, impact on the rights to life, liberty and security of person and property may occur, involuntary resettlement or other processes that undermine livelihoods, impact on the rights to life, liberty and security of person, or other economic, social or cultural rights such as adequate standard of living, the right to health, housing, food and water.

Projects can also have negative impacts by increasing differences and conflicts within communities and creating or reinforcing gender or generational inequalities.

Women are often poorly involved in pre-project design consultations and have little access to information about the project.

more limited access to employment than men⁴. Impacts on land and water use, resources on which communities in many countries rely heavily for their livelihoods, can particularly affect women.

Land rights and access to natural resources

Effects of voluntary transfer or expropriation of land, such as eviction, displacement, resettlement of people and the resulting consequences on housing and enjoyment of other social or economic assets (e.g. access to public services, markets). Legal restrictions or physical obstacles to access to water, forestry, agricultural resources, etc. Impact on food and economic security.

Land rights and the right to private property, in this context, are subordinate to the right to an adequate standard of living, which includes the right to food, water, housing and others. In rural settings, these rights tend to be intimately linked. But ultimately, negative impacts may occur under different property regimes and rights of use, access or decision-making.⁵ It can occur, for example, through expropriation or dispossession.

The legal enforcement of land rights, voluntary or forced, by socio-economic disruptions (e.g. land prices), or by obstacles to the use of these resources (e.g. environmental erosion, physical barriers of an infrastructure). In short, legal enforcement of private property can obscure an impact on people's standard of living.

Other social or cultural impacts

Negative consequences on the local economy and labour market (e.g. de-supply or price increases, influx of migrant workers). Impacts on local culture or identity (e.g. ancestral lands, places of worship), on archaeological and historical-artistic heritage and on the landscape or recreational use of the territory. Use of public and protected property. Impact on transport and communications.

Indigenous peoples and ancestral communities

Impacts also related to land ownership, access to resources or socio-cultural impacts, but as specially protected communities. They may be associated with lack of consultation prior to company activities, consent with very weak legitimacy or inadequate compensation.

Non-environmental accidents

Injuries and other physical damage to persons or pets caused by the company or the victim, e.g. on construction sites or by electrocution.

Examples of human rights affected

- right to physical and mental health and well-being
 - the right to an adequate standard of living and means of subsistence
- the right of peoples to the free disposal of their wealth and resources

A specific issue concerns the distribution and scope of the socio-economic benefits of renewable energies and, in particular, the inclusion of populations historically marginalised from development through the democratisation of the use of renewable energies in rural, isolated and remote areas.

⁴ IDB (2014): Gender and renewable energy. Wind, solar, geothermal and hydroelectric energy.

⁵ United Nations, "The right to adequate housing", *Fact Sheets*, no. 21 (Geneva: 2014): 6-9.

and vulnerable or difficult to access. One aspect in this regard (who benefits and who suffers the social and environmental damage of energy production and consumption) is energy poverty: do local communities living next to solar projects have access to energy, or do they have to pay a high price for it?

c. Public security

This area of impact relates to the following issues: violence and serious intimidation (killings, kidnappings, threats, etc.) of local community members, social leaders, human rights or environmental activists, trade unionists, etc. It can be inflicted by security personnel hired by the company, local criminal groups, or even state agents such as police or military. Particularly relevant in contexts of conflict, criminality and militarisation.

While security forces may be necessary to protect personnel and assets, their use without adequate human rights training and monitoring can lead to potential negative human rights and international humanitarian law impacts, whether by state military forces or private security companies.

Who it may impact

Individuals and communities close to the company's own operations or those of business partners.

Examples of human rights affected

- right to life and security of person
- the right to liberty
- the right not to be subjected to torture and other cruel, inhuman and degrading treatment or punishment.

d. Environmental impact

This area of impact concerns risks to health and to the enjoyment of other rights derived from or linked to environmental impacts, such as impacts on biodiversity, pollution from assembly, operation, decommissioning activities, etc.

Environmental impact is crucial for the renewable energy sector.

The link between the environment and human rights has recently been recognised by the Glasgow Climate Pact, considering the impact of the climate crisis on human rights. In this vein, the recent UN Human Rights Council resolution 48/13 of 2021 recognises the human right to a clean, healthy and sustainable environment.

Who it may impact

All people, in particular local communities in the vicinity of installations. [Definition and typology](#)

Small-scale impact

Risks to health and enjoyment of other rights due to pollutants, environmental degradation (e.g. dumping, waste, fires), noise pollution, electromagnetic fields, impact on local habitat and wildlife, etc.

Large-scale impact

Emissions and production of hazardous materials, including those associated with extraction, manufacturing, transport, construction, operation, storage and decommissioning of equipment and materials. Effects on ecosystems, biodiversity caused by natural or human-induced disasters and other major operational risks. Contribution to climate change.

Examples of human rights affected

- right to a healthy environment
- right to physical and mental health and well-being
- right to an adequate standard of living and means of subsistence.