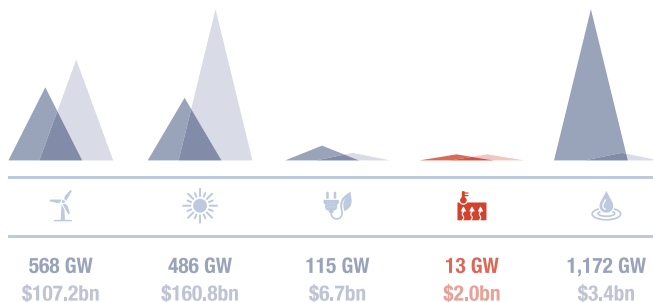


Investor Snapshot: Geothermal Energy & Human Rights

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



Global installed generation capacity in 2018: **13 GW**

Global investment in 2017: **\$1.6bn USD**

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%**)¹

5/15

5 had developed a grievance mechanism (**33%**)²

4/15

4 demonstrated core labour rights commitments (**27%**)³

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