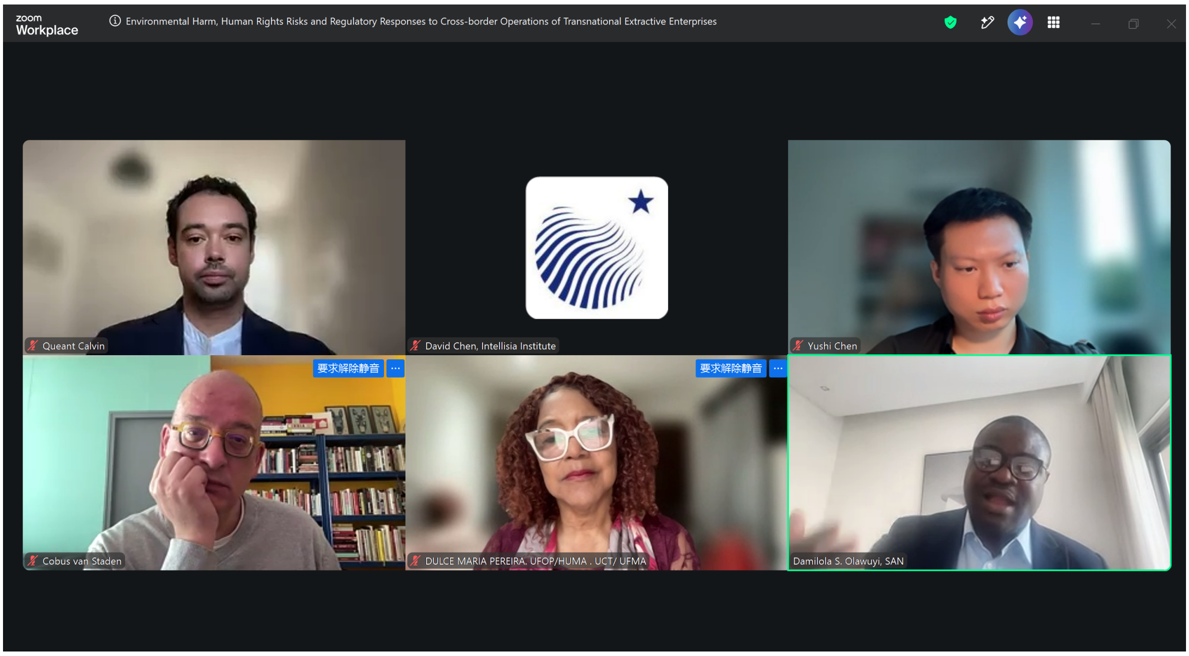
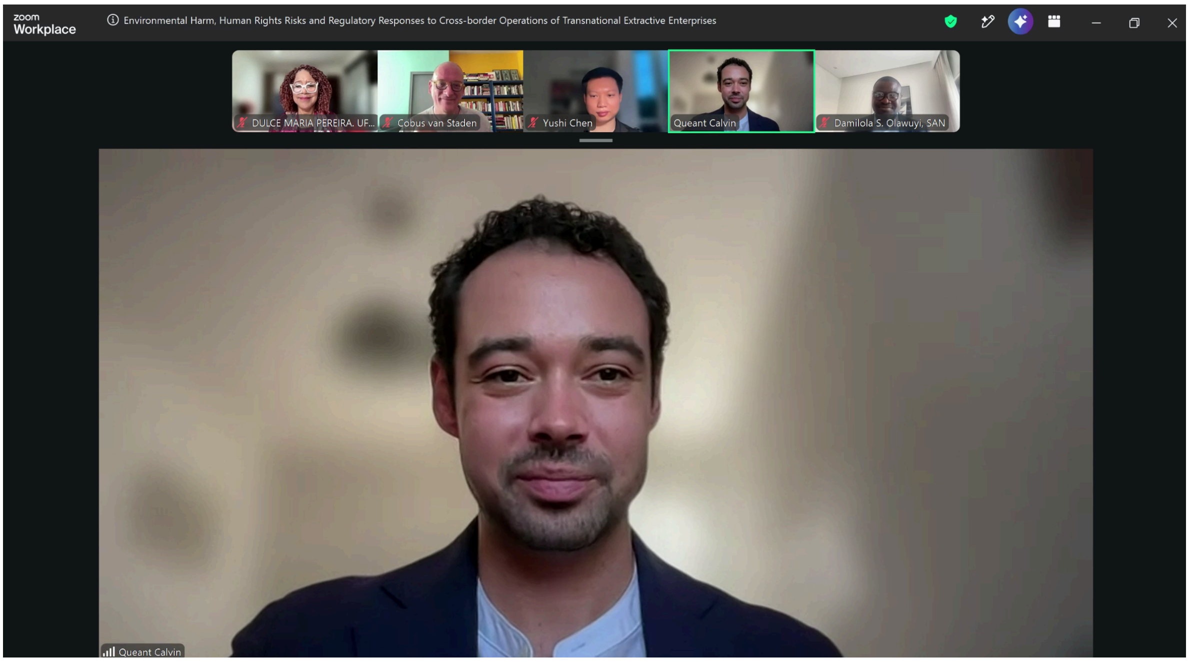
Intellisia Roundtable Forum

Environmental Harm, Human Rights Risks and Regulatory Responses to Cross-border Operations of Transnational Extractive Enterprises

Against the backdrop of the continuous advancement of the global energy transition and growing demand for raw materials, transnational extractive enterprises are expanding their cross-border operations on an unprecedented scale. While extractive activities such as mining, oil and natural gas meet the needs of global energy and industrial transformation, they also exert a series of adverse impacts on local environments.



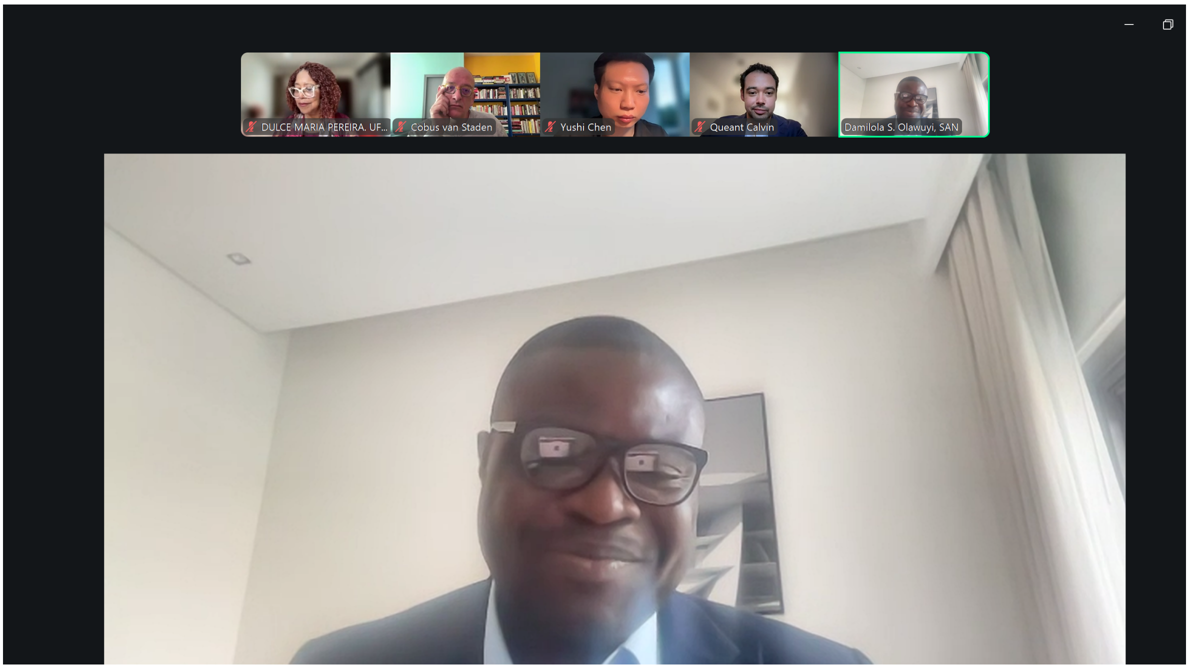
Meanwhile, the current regulatory system for transnational extractive enterprises remains relatively fragmented, with voluntary corporate responsibility frameworks coexisting with evolving mandatory due diligence legislation. There are significant disparities in regulatory capacity and law enforcement among different host countries, and access to effective remedies for affected communities is also uneven. In particular, as the strategic status of critical minerals in the global energy transition continues to rise, how to prevent environmental damage and human rights risks while ensuring mineral supply, and push transnational enterprises to assume responsibilities commensurate with their cross-border impacts, has become an important issue that the international community urgently needs to address.



In this regard, Intellisia Institute held an online roundtable forum themed *Environmental Damage and Human Rights Risk Governance in Cross-border Operations of Transnational Extractive Enterprises* on August 31, 2026. Queant Calvin, Head of the Geneva Center of Multilateral Dialogue , chaired the forum. Four guests were invited for in-depth discussions:

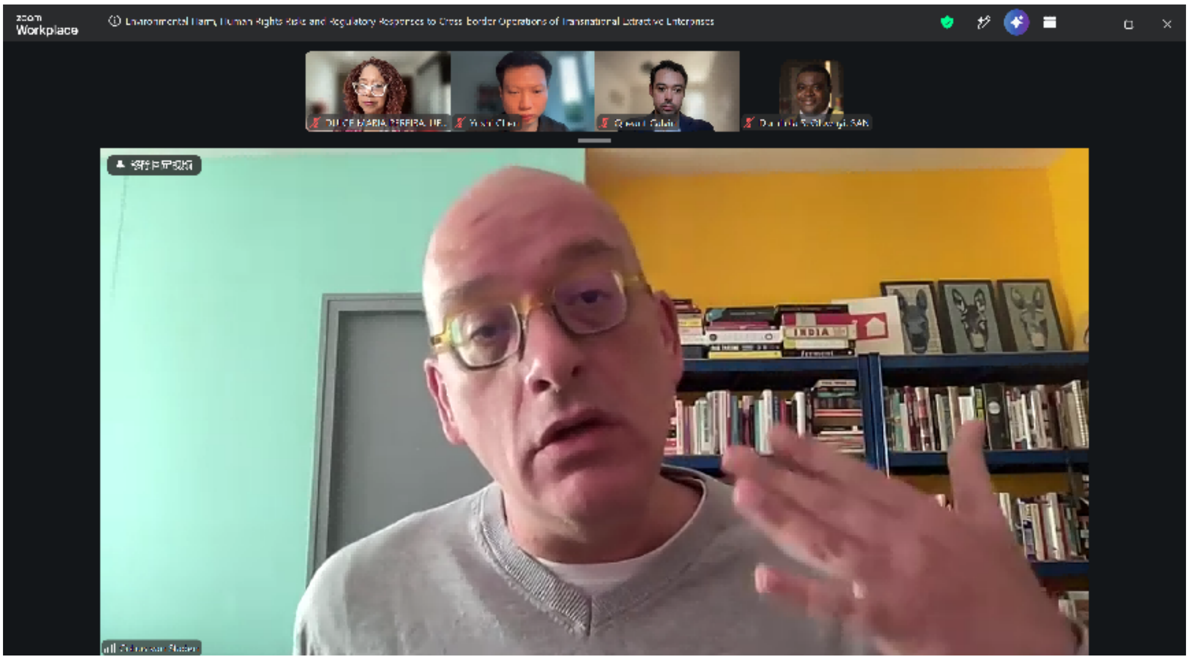
- Damilola Olawuyi, Expert of the UN Working Group on Business and Human Rights
- Chen Yushi, Research Fellow at Tsinghua Tiangong Think Tank
- Cobus van Staden, Executive Director of the China-Global South Project
- Maria Pereira, Director of the Brazilian Institute for Democracy and Sustainable Development

At the opening of the forum, Damilola Olawuyi pointed out that as the economic strength and social influence of transnational enterprises continue to expand, enterprises' own human rights responsibilities are receiving increasing attention. Especially in the extractive industry, human rights and sustainable development standards should run through the entire project life cycle, and thorough human rights due diligence should be carried out in all links from licensing, project approval, planning and construction to production, operation and procurement.

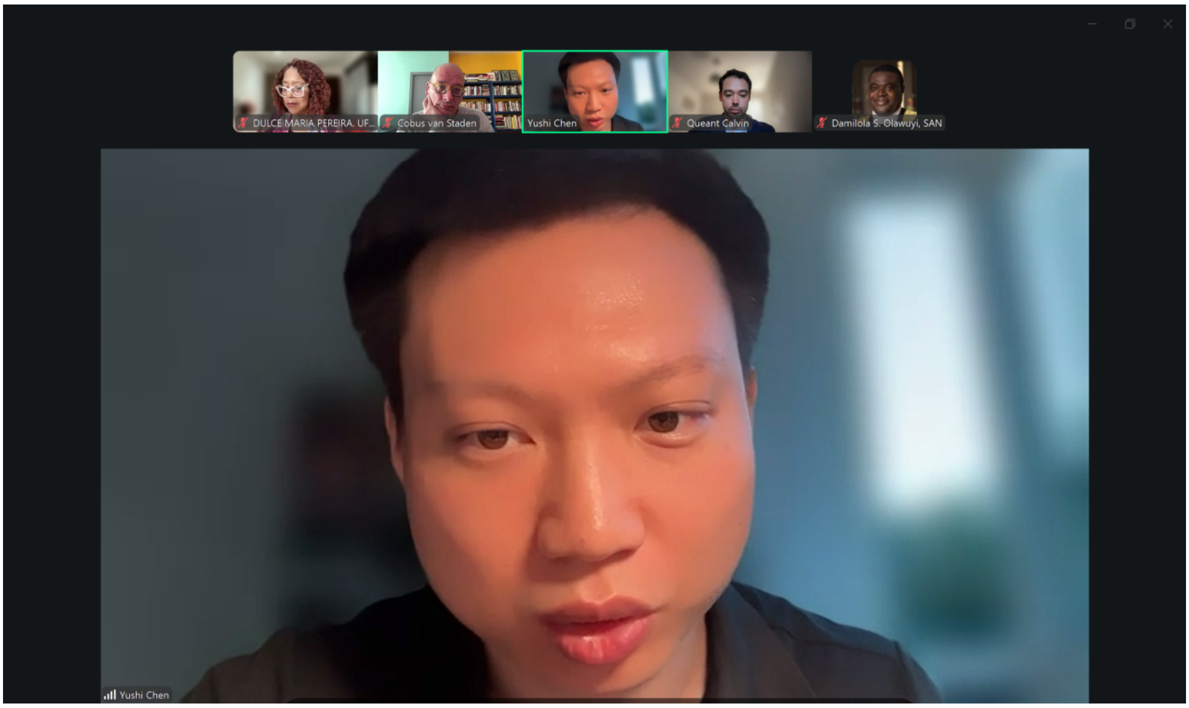


He emphasized that the green transition cannot be used as a reason to lower environmental and human rights standards; on the contrary, it should push enterprises to participate in the energy transition in a more responsible manner. Meanwhile, long-term concessions, investment agreements and contractual arrangements for some extractive projects may limit the policy space for host countries to raise environmental and human rights standards in the future. Therefore, it is necessary to review relevant arrangements to ensure that countries still retain the necessary regulatory capacity.

Maria Pereira spoke from the perspective of resource-producing regions and local communities, stressing that the green transition may give rise to new environmental and social inequalities. She noted that mineral resources flow out of the Global South and re-enter the market as high value-added products after processing. If local communities cannot share the resulting economic and social benefits, the green transition may replicate the traditional resource development model.



She specifically raised the issue of "green colonialism", arguing that the green transition must be inclusive and equitable, and local value should not only be reflected in economic gains, but also include environmental protection, social empowerment, education and local capacity building. Therefore, human rights due diligence should be continuously implemented throughout the project life cycle and fully take into account the cumulative risks brought by climate change. Corporate responsibility should also follow economic control and benefits, and cannot be evaded through means such as parent-subsidiary restructuring and asset sales.



Cobus van Staden further extended the discussion to the global critical mineral industrial chain and the Global South. He pointed out that current international public opinion often discusses the global mineral supply chain with narratives such as "China controls critical minerals", but this narrative tends to overlook the environmental and social costs borne by China in the process of developing its mineral processing capacity.

Meanwhile, as some countries seek to reduce their dependence on China's processing capacity, they may re-entrench the traditional resource trade structure where the Global South exports raw ores and the Global North conducts processing. Cobus noted that a growing number of resource-rich countries are promoting local mineral processing and value addition, a trend that deserves attention. He emphasized that environmental, social and governance (ESG) standards should not be regarded as a burden on industrial development, but should be integrated with local industrialization and economic development policies to form a more sustainable industrial system. In regions rich in critical mineral resources such as the Democratic Republic of the Congo, governments aim to increase local value addition while enterprises face multiple pressures from resource competition, regulation and security. As a result, the global expansion of critical minerals presents both development opportunities and potential environmental risks.

Chen Yushi analyzed from the perspective of enterprise and supply chain practices. He pointed out that the root causes of many subsequent environmental and community conflicts can actually be traced back to the project entry stage. If issues such as land use, water resources, compensation arrangements, community expectations and environmental baselines are not properly addressed at the initial stage of the project, the cost of rectification will rise sharply as the project progresses.

The intensifying competition for critical minerals and rising commodity prices may also prompt enterprises and governments to shorten project approval and construction cycles, thereby weakening the importance of early-stage due diligence. The real challenge at present is not that enterprises are completely unaware of relevant UN and OECD standards, but how these rules can be effectively transmitted from corporate headquarters to subsidiaries, contractors, traders and suppliers.

In regions such as Africa, small-scale and artisanal mining activities are closely linked to the livelihoods of local residents. If enterprises simply exclude them from the supply chain, they may reduce their own risks, but may not necessarily solve local labor, safety and environmental problems. In addition, due diligence should not merely "inspect" suppliers, but should be a process that drives continuous improvement among suppliers and strengthens direct communication between upstream and downstream enterprises.

The second part of the forum focused on the ongoing international legal instrument on business and human rights. Damilola Olawuyi held that establishing a legally binding international mechanism is of great significance, but an international treaty itself is not a "panacea" for all problems. What really matters is implementation and whether affected groups can obtain effective remedies.

The existing UN Guiding Principles on Business and Human Rights, relevant OECD standards and mandatory human rights due diligence systems in some countries should still be fully utilized, while future new international mechanisms should strengthen rather than weaken existing corporate responsibility standards.

Addressing the contradiction between the pace of the green transition and environmental and human rights protection, participating experts agreed that the growing demand for critical minerals does exert accelerating pressure on resource development, but "the urgency of energy transition" cannot be used as a reason to lower environmental and social standards.

On the contrary, environmental protection, community rights and interests, employment and local value addition should be integrated into the green transition itself, so that resource-rich countries and local communities can truly share the long-term benefits brought by the energy transition. The experts also noted that if this issue is not properly addressed, the global green transition may replicate the unequal structures of past energy and mineral development, giving rise to a new form of "green colonialism”.

At the end of the forum, experts unanimously agreed that the main challenge facing environmental and human rights governance of transnational enterprises has shifted from "whether rules exist" to "whether rules can truly function”.

On the one hand, the international community has formed a relatively comprehensive set of norms for corporate responsibility and human rights protection. On the other hand, there are still obvious gaps in cross-border jurisdiction, corporate responsibility tracking, participation of affected communities and access to effective remedies.

In the future, it is necessary to further promote the joint participation of governments, enterprises, civil society and local communities, establish responsibility and remedy mechanisms that can transcend corporate nationalities and national borders, and foster a more coordinated governance system that integrates environmental protection, human rights safeguarding, economic development and the green transition.