



# SUSTAINABILITY LEADS BRIEF

## THE **HIDDEN** BILL OF GREEN CONFLICT

Turning community tensions into board-level risk intelligence

*This brief forms part of a series of actor-specific briefs by the Institute for Human Rights and Business (IHRB) report on the Hidden Bill of Green Conflict, which examines how community opposition to renewable energy projects can translate into material financial, operational, and societal costs.*

### Why should sustainability leads care?

Sustainability leaders within renewables companies play a critical role: they translate social risk into operational and financial risk signals.

Community conflict is not simply a stakeholder management issue. When tensions escalate, they can lead to project delays, cancellations, redesigns, write-offs, litigation, and reputational damage - all of which directly affect project value and portfolio performance.

Yet these impacts are rarely tracked systematically. The financial consequences of community conflict are often siloed across departments, disconnected between corporate and site levels, and rarely linked back to their social root causes.

The “hidden bill” of green conflict is composed of the cumulative, often untracked costs of community opposition to a renewables project - spanning delays, redesigns, financing penalties, reputational damage, and lost project opportunities - that are dispersed across projects and departments, yet can materially erode portfolio value.

Sustainability leaders within renewables companies are uniquely positioned to make this hidden bill visible.

By building internal systems that track conflict exposure and by elevating social risk to senior leadership, ESG teams can help companies move from reactive crisis management to proactive risk prevention and value creation.

## Green conflict and a social license to operate

Conflict itself is not necessarily a failure. Renewable energy projects frequently encounter tensions as communities assess the impacts of projects on land, livelihoods, culture, and local development.

What matters most is how companies recognise and respond to these tensions.

Green conflict typically develops along a continuum: early-stage concerns and rumours; grievances and formal complaints; public campaigns or litigation; operational disruption such as protests or blockades.

Many renewables companies fail to document the early stages of opposition, only recognising conflict once it has escalated into operational disruption or legal challenges.

For this reason, zero-conflict metrics can be misleading. A project with no recorded grievances may not be conflict-free; it may simply lack accessible channels for communities to raise concerns.

Success therefore depends not on eliminating conflict entirely, but on detecting tensions early and managing them constructively. This is closely tied to a company's social license to operate.

A social license is not a single approval or consultation. It is an evolving level of trust, acceptance, and legitimacy that communities grant to a project over time. When this trust erodes, opposition can escalate rapidly and translate into financial losses.

Within the context of the energy transition, this dynamic is becoming more pronounced. Renewable projects increasingly face scrutiny not only for their climate benefits but also for how fairly they treat the communities hosting them. Communities judge projects by their equity, transparency, participation, and distribution of benefits.

This evolving expectation is described in this report as a "green social license" - a recognition that climate action and human rights considerations are inseparable.

### Demonstrating the scale of conflict risks

Evidence of the financial impacts of community conflict remains scarce because companies rarely track these costs systematically. However, one renewable energy developer interviewed for this research estimated that community conflict generated the following portfolio-level impacts over a ten-year period:

- **US\$200 million in direct financial losses** - the equivalent of 10–15 years of community investment programmes for a large renewable utility.
- **3.3 GW of undeveloped capacity** - roughly equivalent to the total renewable capacity added across the Middle East in 2024.<sup>1</sup>
- **US\$4 billion in foregone investments** - represents a significant share of regional renewable investment flows.<sup>2</sup>

These impacts extend far beyond individual projects. Delays and cancellations linked to community conflict can affect national energy planning, investor confidence, grid expansion timelines, and the overall pace of the energy transition.

For sustainability and ESG leaders, this example highlights a key challenge: ***without systematic tracking, these costs remain invisible to executives and boards.***

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<sup>1</sup> International Renewable Energy Agency (IRENA) (2024). Tracking COP28 outcomes: Tripling renewable power capacity by 2030 (A World Energy Transitions Outlook brief). [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2024/Mar/IRENA\\_Tracking\\_COP28\\_outcomes\\_2024.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2024/Mar/IRENA_Tracking_COP28_outcomes_2024.pdf)

<sup>2</sup> Rana, F., Wild, P., Guinto, H. S., Li, S., Barron, M., Sloley, A., Alanah, I., & Strinati, C. (2025). Global landscape of energy transition finance 2025. International Renewable Energy Agency (IRENA) & Climate Policy Initiative (CPI). <https://www.irena.org/Publications/2025/Nov/Global-landscape-of-energy-transition-finance-2025>

## Making the hidden bill visible

One of the most important contributions ESG teams can make is to develop systems that allow companies to measure and manage conflict exposure.

Tracking conflict-related costs enables companies to conduct a powerful counterfactual analysis:

- How much value could have been protected through earlier engagement?
- Which costs were triggered by unresolved community concerns?
- How can future projects avoid similar losses?

By translating community tensions into measurable indicators, sustainability leaders can ensure that social risk is treated with the same discipline as safety, environmental compliance, or financial risk.

### What sustainability leaders can do:

#### Establish conflict tracking systems:

- Develop company-wide systems that record and aggregate conflict-related impacts, including delays, redesigns, litigation costs, operational disruptions, and reputational consequences.
- Ensure these indicators are visible in internal dashboards and performance reviews.
- Communicate and record lessons and positive outcomes from engagement efforts.

#### Create early-warning systems:

- Monitor signals that tensions may be escalating, such as: spikes in grievances; declining attendance at community meetings; recurring rumours or misinformation; tensions around hiring or land access.
- These signals should trigger escalation procedures before conflict intensifies.

#### Integrate social risk into investment decisions:

- Ensure that social assessments, community engagement plans, and human rights due diligence are integrated into project development processes and investment gates.
- This helps prevent costly redesigns or conflicts later in the project lifecycle.
- Integrate community benefit plans aligned with project milestones and performance goals.

#### Strengthen governance and contractor accountability:

- Institutionalise grievance systems and track their resolution quality and satisfaction.
- Embed human rights and community engagement requirements in contractor and joint-venture agreements.
- Ensure that responsibility for community relations extends across the full project ecosystem, not just the project owner.

#### Elevate social risk to board-level visibility:

- Develop reporting channels that ensure site-level tensions are visible to senior management and boards.
- Translate community conflict into business metrics that executives understand, including project delays, capital at risk, and operational disruption.

## Engagement as a project premium

At the heart of sustainability leadership is the recognition that community engagement should be treated as a project premium rather than a discretionary activity.

Effective engagement can protect value by:

- reducing volatility in project timelines
- lowering the risk of litigation and operational disruption
- strengthening relationships with regulators and communities
- improving investor and lender confidence.

When companies treat engagement as a core business discipline rather than a compliance exercise, they create stronger foundations for both project success and community benefit.

### Questions sustainability leads should ask:

- Where are community conflict-related costs appearing across departments, and can they be aggregated?
- What are the financial and operational costs associated with community conflict in specific projects?
- Which projects or regions face the highest risk of community opposition? Why? How are community engagement strategies being tailored to each context?
- Are there dashboards that make social risk visible to executives and boards?
- Are social assessments and engagement strategies funded and implemented before permitting or final investment decisions (FID)?
- Are late-stage project costs - such as redesigns, injunctions, or write-offs - linked to unresolved community concerns?
- Can the company demonstrate engagement readiness to investors, lenders, and insurers?
- How do host communities perceive the company's projects and engagement practices?

*See also: **C-suite and Board Quarterly Review Dashboard**, a mock tool to help companies visualise how community-related risks and conflict-related costs can be tracked and discussed at executive and board level.*

To learn more about the Hidden Bill of Green Conflict visit [www.ihrb.org/resources/the-hidden-bill-of-green-conflict](http://www.ihrb.org/resources/the-hidden-bill-of-green-conflict)



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