



United Nations
Global Compact

INTRODUCTION TO JUST TRANSITION A BUSINESS BRIEF



This Business Brief was created in collaboration with the participating companies and partner organizations of the United Nations Global Compact Think Lab on Just Transition. It provides an introduction to the role of business in ensuring a just transition for all, covering just transition's foundation and meaning, priority actions for businesses, relevant areas of work and the business case. This Business Brief also includes a Glossary of Key Terms and a Resource Guide.

Disclaimer: The views expressed in this Business Brief are not necessarily those of the United Nations Global Compact or of the participants and partners of the Think Lab on Just Transition. The inclusion of company names and/or examples in this paper is intended strictly for learning purposes and does not constitute an endorsement of the individual companies by the United Nations and authors of this report. This report has benefited from the input of the organizations comprising the Think Lab on Just Transition but does not represent the views or positions of the businesses and stakeholders with which these organizations work. The material in this publication may be quoted and used provided there is proper attribution.

About the Think Lab on Just Transition

The **Think Lab on Just Transition** aims to shape and define business and thought leadership on critical areas linked to just transition; address key business challenges; identify policy advocacy opportunities and good business practices; and scale-up learnings through the network of the UN Global Compact. Company participants include A.P. Møller – Mærsk, Accenture, AIA Group, CEMEX, DP World, Enara Capital, Enel SpA, Garanti BBVA, Iberdrola, Johnson Controls, Lenovo Group, LONGi, Mahindra Group, Majid Al Futtaim, Meta, Microsoft, Moody's Corporation, National Australia Bank, Nestlé, Novozymes A/S, Ørsted, ReNew Power Pvt. Ltd., Sappi Southern Africa Ltd., TriCiclos, Unilever, Wipro Ltd. and Woolworths Holdings Limited.

In collaboration with:

UN Global Compact CFO Coalition for the SDGs

UN Global Compact Just Transition Maritime Task Force

The partners of the United Nations Global Compact Think Lab on Just Transition include:



The Think Lab on Just Transition thanks the partners and company participants for their input and contribution to develop this brief.



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EXECUTIVE SUMMARY

According to United Nations Secretary-General António Guterres, the August 2021 IPCC REPORT is a Code Red for Humanity. Confronting the climate crisis requires decisive, coherent action, with significant impacts on workers, communities, industries and regions. A just transition leverages the net-zero transition to advance decent work, promote social inclusion and eradicate poverty. Putting people at the center of climate action secures the support and participation required for the climate transition itself.

The vision, key opportunities and challenges, and guiding principles of just transition are established in the International Labour Organization's [GUIDELINES FOR A JUST TRANSITION TOWARDS ENVIRONMENTALLY SUSTAINABLE ECONOMIES AND SOCIETIES FOR ALL](#) (ILO Guidelines). Secretary-General Guterres has called on countries to adopt the ILO Guidelines as a minimum standard for simultaneously addressing the environmental, economic and social dimensions of sustainable development. The Paris Agreement also describes the need to pursue climate and sustainable development goals together and acknowledges "the imperatives of a just transition of the workforce and the creation of decent work and quality jobs".

The private sector has a central role to play in achieving a just transition. Businesses can support a just transition through their own policies and strategies, but also by advocating for a public policy environment which is conducive to a just transition for all. Business action begins from a foundation of responsible business conduct and respect for rights, supported by the Ten Principles of the United Nations Global Compact and other key instruments. Businesses' full potential is realized through transition planning that is based on social dialogue and stakeholder engagement and optimizes social, economic and employment impacts on the journey to net-zero emissions and environmental sustainability.

Climate change and the climate transition affect geographies, industries and individual companies in different ways. The principles of just transition are universal, but companies and business functions apply them differently. This Business Brief highlights some of these differences and outlines seven priority actions to help all companies understand just transition's principles, identify gaps in current practices and generate ideas for improving alignment:

1. MAKE A MAP: Internal engagement on just transition, mapping key touch points and identifying priorities, in light of your company's impact and influence.

2. SET A FOUNDATION: Respect for rights at work and other human rights through robust policies and practices; gender and social equity in the workforce.

3. ENGAGE: Engagement with worker organizations in bipartite and tripartite social dialogue and with all affected stakeholders as a core piece of transition planning, implementation and monitoring.

4. PLAN: Long-term business planning for a just transition which integrates social dialogue and stakeholder engagement; prioritizes job creation and reskilling/upskilling; protects groups in vulnerable situations; maximizes local socioeconomic benefits; promotes social equity; supports equitable customer access; and contributes to climate resilience for companies and their stakeholders alike.

5. TAKE ACTION: Just transition plans put into action across relevant business functions, integrating ongoing social dialogue, engaging stakeholders, and carrying out due diligence of human rights and environmental impacts and their linkages.

6. PARTNER: Social dialogue with workers' organizations and Governments for more coordinated action around key challenges; partnerships with employer organizations, regional/sectoral initiatives and across supply chains to promote an enabling environment for a just transition.

7. LEARN - INTEGRATE - COMMUNICATE: Measurement and reporting of actions, challenges and impacts related to just transition in order to promote learning, cooperation and accountability.

Private sector support for a just transition benefits people, but it also benefits business. Just transition can help companies reduce risks and costs, enhance productivity, improve stakeholder alignment (including with customers, policymakers and investors) and mitigate systemic risks. Ultimately, just transition is an opportunity for your business, a priority for our society and a necessity for our planet.

PUTTING PEOPLE AT THE CENTER OF CLIMATE ACTION

- Confronting the climate crisis requires decisive, coherent action, which will significantly impact workers, communities, industries and regions.
- A just transition works to ensure that the transition to net-zero emissions and climate resilience is orderly, inclusive and just, creates decent work opportunities and leaves no one behind. This depends on a fair process built on social dialogue, stakeholder engagement and a universal respect for fundamental labour rights and other human rights.
- Just transition is not an independent practice; it is a principles-based approach for climate change mitigation and adaptation activities, relevant for all countries and sectors.

Meeting the climate challenge means major shifts in our economies and societies, and these will naturally bring significant impacts on people, families and communities that touch the core of their identities and well-being. A just transition cannot be an afterthought; it is an integral part of climate action and a responsibility for all of us.

Amina J. Mohammed, United Nations Deputy Secretary-General

Humanity faces a triple planetary crisis of climate change, biodiversity loss and pollution and waste, as well as a crisis of inequality, poverty and food insecurity.

These crises threaten the well-being and livelihoods of millions of people around the world, create systemic economic and financial risks, and increase social and political instability. Confronting our social and environmental challenges — the net-zero transition in particular — requires decisive action, which depends on broad support and participation from Governments, businesses, workers, local communities, the financial sector, civil society and citizens. At the same time, the structural transformation of the transition to net-zero greenhouse gas emissions creates many challenges and opportunities regarding the impact on workers, households, communities, businesses, industries and regions.

A just transition works to ensure that the transition to net-zero emissions and climate resilience is orderly, inclusive and just, creates decent work opportunities, and leaves no one behind. It depends on a fair process built on social dialogue and stakeholder engagement among all impacted groups and a universal respect for fundamental labour rights and other human rights.

Just transition is not an independent movement or practice; it is a principles-based approach for activities already underway — and future actions — in climate change mitigation and adaptation. It also applies to the finance, technology, and capacity-building strategies behind climate action. Just transition is relevant for every economic sector (not only energy), every region and every country — and for the links between them. Governments, businesses, workers and their organizations, communities, rights defenders and civil society organizations all have a role to play. Putting people at the center of climate action secures the support and participation required for the climate transition itself. Ultimately, just transition is an indispensable means of climate action, not an “add-on”.

This Business Brief addresses the role of companies in a just transition. It sets the scene by describing the foundation and meaning of just transition. It then outlines priority actions for companies, relevant areas of work and the business case. It also includes a glossary of key terms and a resource guide to support companies as they develop just transition plans that are ambitious, comprehensive and effective.



JUST TRANSITION: WHERE DOES IT COME FROM AND WHAT DOES IT MEAN?

- The vision, key opportunities and challenges, and guiding principles of just transition are established in the ILO Guidelines, adopted in 2015 through international tripartite consensus.
- Just transition means simultaneously and coherently addressing the three dimensions of sustainable development — environmental, social and economic — with a focus on the role of decent work in generating sustainable and inclusive economic growth and development.
- The Paris Agreement describes the need to pursue climate and sustainable development goals together and acknowledges “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities”.

The vision, key opportunities and challenges, and guiding principles of just transition are established in the International Labour Organization's **GUIDELINES FOR A JUST TRANSITION TOWARDS ENVIRONMENTALLY SUSTAINABLE ECONOMIES AND SOCIETIES FOR ALL (ILO Guidelines)**,¹ adopted in 2015 through international tripartite consensus. The ILO Guidelines offer a policy framework and practical guidance for Governments and social partners on how to formulate, implement and monitor this policy framework. This creates a window for businesses to support just transition, not only in their own policies and strategies, but also by advocating for a policy environment which is conducive to a just transition across the board.

According to the ILO Guidelines, just transition is rooted in the concept of sustainable development, established in 1987 by the **WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT**, now represented by the **2030 AGENDA SUSTAINABLE DEVELOPMENT GOALS (SDGs)**. A just transition means addressing the environmental, social and economic dimensions of sustainable development together, rather

1. See Glossary of Key Terms on p.15 for more information on the International Labour Organization (ILO), social dialogue, social partners, tripartite, etc.

FIGURE 1

HARNESSING THE OPPORTUNITIES	AND MANAGING THE CHALLENGES	THROUGH A JUST PROCESS	FOR A SPEEDY TRANSITION
<p>Coordinating climate action and sustainable development means harnessing opportunities to generate green jobs with decent working conditions, to reskill and upskill the workforce, to promote gender and social equity (See Figure 2) and inclusion, to reduce poverty, and to contribute to the Global Goals.</p>	<p>Just transition also means fairly managing the transition's economic and social impacts and risks. This includes risks to business assets and infrastructure, job losses and decent jobs deficits, risks to human rights (including land rights and indigenous peoples' rights), and other negative impacts, especially on society's most vulnerable groups. Assessing, preventing, and mitigating negative impacts on workers, frontline communities and enterprises should be an integral component of climate action.</p>	<p>Achieving inclusion, justice and efficiency in the socioeconomic outcomes of the net-zero transition hinges on a fair process. Social dialogue and robust stakeholder consultation must be a cornerstone of the net-zero transition. These processes contribute to procedural and representative justice in the net-zero transition, improving alignment and reducing risk. They also capitalize on the value that social partners and other stakeholders can add to transition plans.</p>	<p>By embedding a just process into the net-zero transition, harnessing its social and economic opportunities, and fairly managing its impacts on people, a just transition facilitates a speedy transition. It strengthens the social contract around the net-zero transition, improves economic and business resilience and contributes to inclusive societies. This holistic approach mitigates systemic risks related to climate change, reduces transition risks for business and facilitates climate-related policymaking by Governments, contributing to the success of our response to climate change.</p>

than in siloes. In this light, the climate action plans of Goal 13 (Climate Action) are not just environmental strategies, but are also opportunities to contribute to other Global Goals. Because Goal 8 (Decent Work and Economic Growth) plays a key role in generating strong, sustainable and inclusive economic growth and development, it is a central focus of just transition.

A people-centred climate response depends on decarbonization strategies which simultaneously promote social inclusion and support the four pillars of decent work: full and productive employment, rights at work, social dialogue and social protection.

According to the PARIS AGREEMENT, sustainable development is the foundation for climate action as well. The Paris Agreement describes the need for pursuing climate and

sustainable development goals together and points to many of the potential synergies.² The Paris Agreement specifically acknowledges “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities”. The GLASGOW CLIMATE PACT also recognizes the need to ensure just transitions in the implementation of the Paris Agreement.

A special initiative of the UN Secretary-General, the UN Global Compact is a call to companies everywhere to align operations and strategies with ten universal principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of the Global Goals. THE TEN PRINCIPLES share a foundation with the ILO Guidelines, the Global Goals and the Paris Agreement and, as an instrument dedicated to business, can help companies realize their ambitions in a just transition.

CLIMATE'S GENDER DIMENSION

Climate change exacerbates existing inequalities, including those related to gender, income, age and ethnicity. Gender inequalities in the world of work, in climate risk exposure and access to resources for adaptation create disproportionate impacts on women from the changing climate and adaptation and mitigation activities. At the same time, women and girls are critical agents of change for a just transition, and climate action cannot be successful if it does not meaningfully engage them.

FIGURE 2



2. See Paris Agreement, Arts. 2, 4, 6, 7, 10.



THE ROLE OF BUSINESS IN A JUST TRANSITION

- As businesses work to align their activities with net-zero transition plans, the principles of just transition offer guidance for simultaneously maximizing the benefits to people.
- Taking this approach benefits people, but it also benefits business, by strengthening a company's license to operate and mitigating financially material risks.

The private sector has a central role to play in achieving a just transition. Businesses, particularly micro, small and medium-sized enterprises (MSMEs), are a significant source of employment worldwide³ and are critical to innovation and wealth creation. Businesses employ and provide training opportunities for workers; develop and deploy technologies; provide goods and services to consumers, the public sector and other businesses; impact the communities they operate within; maintain relationships with other businesses; engage with Governments; and influence societies and economies in many other ways. As businesses work to align these activities with the net-zero transition, the principles of just transition offer guidance for simultaneously advancing decent work and social inclusion across their value chains.

Taking a just approach benefits not only people, but also business. Companies who manage their social and environmental impacts will enjoy better stakeholder relations and a stronger license to operate. This mitigates a number of financially material risks, including legal and reputational risks.⁴ By cutting across the environmental, social and governance (ESG) dimensions of corporate sustainability, just transition principles can help companies identify and manage risks that connect the dimensions. That includes, for example, climate transition risks which derive from social factors such as labour relations; or human capital/operational risks from physical climate risk exposure, such as heat stress. An understanding of these links is necessary for robust climate risk management and disclosure, including for reporting aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations. Just transition principles can also help to spotlight synergies between ESG's three dimensions. In addition to its benefits for individual businesses, a just transition also supports a more sustainable business environment. In particular, it mitigates systemic risks related to climate change, inequality and economic restructuring, including political, economic and social risks.

3. Seven out of 10 formal jobs are generated by SMEs. International Organization of Employers (IOE), MAKE TRANSITIONS WORK: CLIMATE CHANGE AND EMPLOYMENT - GUIDANCE NOTE, 2020.

4. Moody's, RISING FOCUS ON JUST TRANSITION WILL RAISE RISKS FOR MOST EXPOSED COMPANIES, 2021.

TURNING AN IDEA INTO ACTION: PRIORITY ACTIONS AND AREAS OF WORK

- Business support begins from a foundation of responsible business conduct and respect for rights, including labour rights. It is fully realized through transition planning that is based on social dialogue and stakeholder engagement and that optimizes social, economic and employment impacts.
 - The seven priority actions outlined in Figure 4 can help companies understand just transition's principles, identify gaps in current practices and generate ideas for improving alignment.
 - Climate change and the net-zero transition affect geographies, industries and companies in different ways, particularly in the "transition out", the "transition in", adaptation and small and medium enterprises (SMEs) (Figure 5).
 - For many companies, the climate transition has implications across business areas and functions, and the same is true for a just transition. Figure 6 identifies several relevant work areas, with examples of how to apply just transition principles.
- Companies can contribute to just transition in their direct footprint, but also more systemically by supporting an enabling environment, in dialogue with policymakers and social partners.

For business, embedding justice, equity, decent work and social inclusion into the net-zero transition begins from a foundation of responsible business conduct and respect for human rights, including labour rights. Building on this foundation, the full potential of business can be realized through transition planning which

- 1) is based on social dialogue and stakeholder engagement;
- 2) assesses and fairly manages impacts on workers and communities, paying special attention to groups in vulnerable situations; and
- 3) proactively pursues social, economic and employment co-benefits.

FIGURE 3

An enabling environment for just transition

The business environment is a complex mix of policy, legal, institutional and regulatory conditions that affect business activities. A poor business environment hinders productivity and returns on investment, which inevitably has an impact on employment and job creation. Governments have a key role to play in creating the required ecosystem for a just transition, particularly for SMEs, which depend on the right incentives, access to financial services and robust institutions. Therefore, companies can contribute to a just transition not only in their direct footprint, but also more systemically by advocating for an enabling environment for just transition, in dialogue with policymakers and social partners.

The actions outlined below, based on the ILO GUIDELINES' Guiding Principles and JUST TRANSITION: A BUSINESS GUIDE, published by The B Team and the Just Transition Centre, are designed to help companies understand just transi-

tion's principles, identify gaps in current practices and generate ideas for advancing decent work and promoting social inclusion — no matter where they are in their climate journeys.

5. This foundation is set out in the TEN PRINCIPLES OF THE UN GLOBAL COMPACT; the ILO TRIPARTITE DECLARATION OF PRINCIPLES CONCERNING MULTINATIONAL ENTERPRISES AND SOCIAL POLICY (MNE Declaration); the UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS (UNGPR); and the OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES (OECD Guidelines).

FIGURE 4

PRIORITY ACTIONS	Advancing Decent Work	Promoting Social Inclusion
	Employment - Rights at work - Social Dialogue - Social Protection	Opportunities - Access to resources - Voice - Respect for rights
MAKE A MAP	Internal research and engagement to build understanding of just transition, map key touch points and identify priorities, in light of the company's impact and influence	
SET A FOUNDATION	<ul style="list-style-type: none"> ▪ Respect rights at work <ul style="list-style-type: none"> ▪ the freedom of association and right to collective bargaining ▪ the elimination of child labour, of forced labour, and of discrimination in employment ▪ the right to a healthy and safe workplace ▪ Promote gender equality and diversity, equity and inclusion (DEI) in the workforce 	<ul style="list-style-type: none"> ▪ Respect human rights and eliminate involvement in human rights abuses, including through effective due diligence and other practices aligned with UNGP ▪ Align with international principles of responsible business conduct
ENGAGE	<ul style="list-style-type: none"> ▪ Engage worker organizations in social dialogue, especially in <ul style="list-style-type: none"> ▪ Plans around restructuring and stranded assets ▪ Decarbonization strategies ▪ Strategies with large employment impacts ▪ Expansion of green operations in the 'transition in' 	<ul style="list-style-type: none"> ▪ Mainstream equitable and robust stakeholder engagement with all affected groups in business planning, especially as the net-zero transition brings new markets, new supply chains, new stakeholders ▪ Ensure engagement respects principles of equitable and inclusive participation, and especially for certain groups such as children, that it is safe
PLAN	<ul style="list-style-type: none"> ▪ Allocate resources to longer-term business planning, acknowledging that individual careers and communities operate on a different timescale than corporations ▪ Integrate human rights, including rights at work, due diligence in strategic decision-making ▪ Address gender inequities in the conception, design, and implementation of climate solutions, and leverage women as solution multipliers ▪ Integrate social dialogue and stakeholder engagement in planning ▪ Improve engagement and coordination between key business functions 	

	<h2>Advancing Decent Work</h2> <p>Employment - Rights at work - Social Dialogue - Social Protection</p>	<h2>Promoting Social inclusion</h2> <p>Opportunities - Access to resources - Voice - Respect for rights</p>
PLAN	<ul style="list-style-type: none"> Integrate employment impact assessments in transition planning, prioritizing job creation and reskilling/upskilling Formalize employment of workers in the informal economy, especially in developing economies Leverage footprint to advance decent work across supply chains 	<ul style="list-style-type: none"> Make plans to protect vulnerable groups affected by business decisions and maximize benefits to local communities of operations Integrate place-based socioeconomic impact assessments in planning Support equitable customer access to safe, low-carbon products
TAKE ACTION	<ul style="list-style-type: none"> Put just transition plans into Action: see FIGURE 6 AREAS OF WORK for examples of relevant corporate practices Conduct ongoing social dialogue, stakeholder engagement, and due diligence of human rights and environmental impacts, and their linkages, e.g., the right to a healthy environment 	
PARTNER	<ul style="list-style-type: none"> Involve Governments in social dialogue along with workers' organizations and stakeholder engagement for more effective coordination around key challenges at regional or national levels Support just transition through policy advocacy, driving the "ambition loop" in support of a just transition Leverage employer organizations and other civil society organizations to ensure a comprehensive and coherent approach that reaches all sectors and company types Develop regional and sectoral partnerships, potentially in cooperation with Governments, as platforms for tackling shared challenges, e.g., skills development, standards setting, re-employment, and transition pathways Collaborate with effective and accountable civil society organizations to promote rights at work, foster job creation, strengthen social dialogue, and enhance social protection 	
LEARN - INTERGRATE - COMMUNICATE	<ul style="list-style-type: none"> Measure and report actions, challenges, and impacts related to just transition to strengthen accountability and cooperation with stakeholders, and to learn from your experiences and those of others Leverage sustainability and human rights reporting frameworks and the UN Global Compact Communication on Progress (CoP) to disclose key elements related to support for just transition Review company policies and practices to identify and understand gaps and potential negative effects; adapt as necessary 	

Climate change and the net-zero transition affect geographies, industries, and individual companies in different ways. Here we outline four key challenges in the just transition and supportive business actions.

FIGURE 5

	Transition out	Transition in	Adaptation	SMEs
The challenge	Deep decarbonization in high-emitting industries can lead to job losses and restructuring	Emerging green industries and technologies can face issues of job quality and human rights risks	Climate impacts and risks are distributed unevenly, and adaptation strategies also create winners and losers	SMEs depend on an enabling environment for their development and transition
Key actions	<p>Integrate social dialogue in strategic planning</p> <p>Mitigate employment impacts through worker retention, retraining, redeployment, and contribute to social protection</p>	<p>Ensure new jobs are decent jobs:</p> <ul style="list-style-type: none"> labour rights and standards opportunities for upskilling fair wages social protection gender and social equity <p>Prevent, mitigate, remediate adverse human rights impacts</p>	<p>Account for cross-border and cross-sector impacts in design of adaptation strategies</p> <p>Align investment and business plans with local and global adaptation priorities</p>	<p>Engage policymakers in partnership with employer organizations and business relationships to promote enabling policies:</p> <ul style="list-style-type: none"> regulation incentives capacity development finance

For many companies, the climate transition has implications across several business areas and functions, and the same is true for a just transition, as shown in the table below.

FIGURE 6 The table below offers examples of how to apply just transition principles across different business areas.

AREAS OF WORK

WORKFORCE

Rights at work, including safety and health

- Adopt and monitor robust policies and practices and ensure access to remedy, aligning with UN Guiding Principles on Business and Human Rights (UNGP)

Human capital development and job creation

- Assess human capital development and job creation opportunities, invest in reskilling/upskilling and implement robust workforce practices to increase return on that investment, especially for new production and distribution technologies, digitalization and new business models

Social dialogue

- Promote mature industrial relations through robust social dialogue, including in just transition planning, implementation and monitoring
- Identify and pursue technology and skills opportunities together with worker organizations

Gender and social equity

- Assess and improve equity in recruitment, career progression and pay
- Promote workplaces free from discrimination

Social protection

- Contribute to adequate provision of benefits
- Adopt responsible tax practices

GOVERNMENT RELATIONS AND POLICY ADVOCACY

Tripartite social dialogue

(see [NATIONALTRIPARTITE SOCIAL DIALOGUE](#))

- Coordinate with broader action at national/regional levels
- Co-develop policies with workers' organizations and Governments in the nine key areas of the ILO Guidelines policy framework, leveraging its guidance for social partners
- Seek opportunities to leverage employer organizations

Advocacy and engagement

- Improve alignment of policy advocacy with decent work and social inclusion agendas
- Advocate for an enabling environment for sustainable enterprises of all sizes
- Promote labour standards and resolutions relevant to just transition ([ILO GUIDELINES Annex 1](#))
- Promote adequate and financially sustainable social protection systems

RISK

Risk management

- Identify, assess, and mitigate risks related to just transition, integrating awareness of just transition within risk management systems
- Leverage social dialogue and stakeholder engagement for more robust risk management, including identification and mitigation

- Strengthen input channels from just transition risk analysis into business, sustainability, and human capital strategies

Relevant risks

- Reputational: for example, transition plans that create job losses or other negative impacts, including in reorganizations, as well as negative impacts in new operations or supply chains
- Human capital/operational: for example, skills shortage, health and safety and physical climate risks
- Legal/policy
- Market: for example, valuation risks from stranded assets
- Technology

MEASUREMENT AND REPORTING

Key data related to just transition to measure and disclose

- Human capital and workforce practices; including labour relations and social dialogue, career management and progression, human capital investments, gender equality and DEI, and management of corporate reorganizations
- Human rights policies and practices: including those applicable to groups in vulnerable and/or marginalized situations, actions taken and resources allocated to meet objectives
- Outcome-oriented targets, and progress and effectiveness in meeting objectives and targets
- Equity audits of the social impacts of operations and products
- Place-based socioeconomic impact assessments
- Stakeholder engagement practices
- Promotion of social and economic development

Learning

- Coordinate with business strategy and sustainability teams to improve learning and efficiency
- Leverage existing frameworks and platforms to promote shared learnings
- Review company policies and practices to understand and identify gaps and potential negative effects; adapt as necessary

MANAGEMENT

Management practices

- Improve engagement and coordination among key business functions such as business strategy, net-zero planning, labour relations and social dialogue, human rights policies and practices, SDG strategies, stakeholder engagement, and partnerships
- Promote workplace cooperation by fostering a culture of dialogue, knowledge-sharing and mutual advice aimed at improving resource and energy efficiency, reducing waste and applying safe and clean technologies and working methods that promote productive employment and decent work

PRODUCT DESIGN AND DISTRIBUTION

Customer access and safety

- Support equitable customer access to low-carbon goods and services
- Prioritize safety and equity in product design and distribution
- Conduct life cycle assessments, including for GHG emissions and toxic pollutants

HUMAN RIGHTS DUE DILIGENCE AND SOCIAL RISK/IMPACT MANAGEMENT

Human rights policies and practices

- Implement human rights risk prevention, mitigation and remediation measures aligned with UNGP, including due diligence, assessments of actual and potential impacts, grievance mechanisms and disclosure
- In line with UNGP, give special attention to the rights, needs and challenges faced by children as well as other groups in vulnerable and/or marginalized situations

Socioeconomic impact management

- Streamline social risk/impact assessments and monitoring and stakeholder engagement in strategic decision-making
- Assess and address social inequities in transition strategies, particularly in new or evolving operations and supply chains

SUPPLY CHAINS/PROCUREMENT

Supplier engagement

- Promote decent work and respect for rights
- Encourage use of sustainable production processes and inputs
- Support MSMEs in training, resilience and access to global supply chains
- Identify and manage transition and physical climate risks
- Develop capacity and share best practices, including with respect to safe and healthy working environments and workplaces free from discrimination

Procurement processes

- Embed labour and human rights criteria in procurement processes, including for renewable energy procurement, ensuring suppliers respect rights at work and other human rights, provide fair compensation and living wages, and provide a safe and healthy working environment
- Conduct due diligence and monitoring, and ensure access to effective remedy

Policy engagement

- Support enabling environment for SME development and transition

Climate resilience

- Invest in climate resilience of suppliers and local communities

EXTERNAL PARTNERSHIPS

Regional/sectoral initiatives

Research institutions

Civil society

THE BUSINESS CASE

Just transition can help companies to reduce risks and costs; enhance productivity; improve stakeholder alignment with customers, policymakers and investors; and mitigate systemic risks, leading to greater business resilience.

Social dialogue and good workforce practices reduce risks, costs and improve productivity

Social dialogue and respect for labour rights can improve workforce relations and planning which mitigates operational risk, technology risk and market risk. Good workforce relations promote innovation — and the flexibility it requires — including in relation to digitalization and the Future of Work.^{6,7} They are also key to reducing litigation costs and the reputational risks associated with job losses, stranded assets and restructuring.⁸ Particularly for SMEs, developing cooperative relations in the workplace can have an outsized effect on productivity and increase access to global supply chains.⁹ Good labour practices also improve worker recruitment and retention, which reduces turnover costs and provides the incentives for investment in human capital, a key factor in increased productivity.¹⁰ Assessing skills needs, investing in reskilling/upskilling and providing time off for education, training and lifelong learning mitigates the risk of skills shortage and reduces human capital and technology costs.^{11,12}

Robust occupational safety and health policies, together with equitable climate adaptation strategies, help to reduce risks from extreme weather events, heat stress and other climate hazards. That includes risks to operations, worker health and labour productivity. Promoting diversity and inclusion in the workforce enhances business performance.¹³ Formalizing the employment of informal workers, a key dimension of good labour practices, not only promotes the rights of workers and improves their access to social protection, but also

builds up resilience in the industries which rely on these workers, particularly in the context of state aid.

A focus on stakeholders reduces risk and adds value to decarbonization / adaptation plans

Just transition is emerging as a lingua franca, facilitating stakeholder alignment across several dimensions of business practices, including decarbonization, human capital management, responsible business conduct, respect for human rights (including labour rights), and the Global Goals. Leveraging this framework to support stakeholder alignment improves a company's license to operate and consolidates support for business decisions.

FIGURE 7

The World Benchmarking Alliance (WBA), a global alliance of stakeholders including financial institutions, civil society organizations, business/industry platforms, Government agencies, multilateral institutions, research institutions and others, plays a central role in assessing and benchmarking private sector contributions to the Global Goals. WBA has developed a Just Transition Assessment and a Social Transformation Framework to improve stakeholders' alignment and access to information concerning companies' social impacts, including in the context of decarbonization. WBA benchmarks are important tools companies can use to improve alignment with stakeholder expectations and incentives relating to just transition.

FIGURE 8 spotlights stakeholder-focused practices that contribute to alignment and trust, reducing risk and adding value to decarbonization and adaptation strategies.

6. Global Deal, A BUSINESS CASE FOR SOCIAL DIALOGUE, 2021.

7. Workforce & Organizational Research Center, JOB QUALITY MAPS.

8. Risks associated with the management of corporate reorganizations were identified as a global blind spot. Moody's, RISING FOCUS ON JUST TRANSITION WILL RAISE RISKS FOR MOST EXPOSED COMPANIES, 2021.

9. ILO, SCORE TRAINING: CATALOGUE and PROMOTING THE CAPACITY OF SUPPLIERS IN GLOBAL SUPPLY CHAINS.

10. Global Deal, A BUSINESS CASE FOR SOCIAL DIALOGUE, 2021.

11. Just Transition Centre and The B Team, JUST TRANSITION: A BUSINESS GUIDE.

12. Fifty-three per cent of respondents to Deloitte's 2020 Global Human Capital Trends survey said that between half and all of their workforce will need to change their skills and capabilities in the next three years; Deloitte, BEYOND RESKILLING.

13. Investor Responsibility Research Center Institute and Harvard Law School's Labor and Worklife Program, THE MATERIALITY OF HUMAN CAPITAL TO CORPORATE FINANCIAL PERFORMANCE, 2015.

FIGURE 8

STAKEHOLDER-FOCUSED PRACTICES IN A JUST TRANSITION

COMMUNITIES

Prioritizing robust engagement with the communities impacted by a company's operations, supply chains or transition plans creates opportunities to: improve relations with these communities; co-develop effective investment plans for community resilience; gain their insight on and support for climate action plans; and identify and mitigate human rights risks. Engagement also improves access to information regarding physical climate risks and non-technical risks of transition plans.

SUPPLY CHAIN

Engagement with the supply chain can help companies to identify and manage a broad range of risks, including technology, policy, legal and climate risks. Coordination with suppliers can ensure that the technologies and related skills required for low-carbon production are identified, developed and deployed, contributing to supply chain stability and economies of scale in a net-zero world. Engagement across the supply chain is also important for the design of effective adaptation strategies and of policies which support SME development and transition.

GOVERNMENTS

Embedding "high road" environmental, labour and human rights standards into a company's goods and services can improve relations with public authorities, reducing legal and regulatory risks. This also creates public procurement opportunities as Governments tend to favour vendors with strong social and environmental profiles. Robust social dialogue and stakeholder engagement, coupled with good labour and human rights practices, can also give companies a better position in the context of policy engagement, increasing their influence over laws and regulation.

CUSTOMERS

Prioritizing accessibility, safety and equity in the design and distribution of goods and services, alongside a strong life cycle environmental profile, reduces risk and increases product demand by improving business reputation, customer loyalty and brand recognition — key factors for a competitive advantage in a net-zero economy.

WORKERS

Respecting labour rights and engaging worker organizations in social dialogue improves workforce relations and productivity, facilitates innovation and planning, and reduces a wide range of risks and costs. For more detail, see "Social dialogue and good workforce practices reduce risks, costs and improve productivity" on [PAGE 16](#).

Investors and financial institutions are acting on just transition, with implications for companies

The 2020 Statement of Investment Commitment to Support a Just Transition on Climate Change, coordinated by the UN Principles for Responsible Investment (PRI), was endorsed by investors representing more than \$10 trillion in assets, indicating their commitment to integrate workforce and social considerations into climate strategies. The Statement and the accompanying [GUIDE FOR INVESTOR ACTION](#)¹⁴ address five key areas for investor action: investment strategy, corporate engagement, capital allocation, policy advocacy and partnerships, and learning and transparency. The [GLASGOW FINANCIAL ALLIANCE FOR NET ZERO](#), the global alliance of financial sector actors committed to net-zero emissions, has also integrated just transition into its [OFFICIAL GUIDANCE](#) on best practices for both financial institutions and the companies they finance, as well as in its policy advocacy.

Financial sector activity relating to just transition creates both opportunities and risks for companies. Favorable financing terms may be available for companies or projects that meet the green/social/etc. standards of specialized debt instruments. As an example, transition finance is growing as a means to finance transition plans, and several relevant standards include criteria related to just transition. Additionally, equity shareholders have stepped up ESG-related activism in recent years, including through engagement and proxy resolutions. Just transition has emerged as a key topic in this engagement, as investors have shown concern both for social impacts and business risks in relevant areas. Establishing good practices in just transition helps companies to attract debt and equity capital and to better align with investor expectations, avoiding more confrontational shareholder action.

Investors' increased attention to corporate ESG practices and impacts are reflected in the sustainability reporting frameworks developed by financial regulators and independent standard setters such as the International Sustainability Standards Board (ISSB) and the Global Sustainability Standards Board (GSSB), responsible for the GRI Standards. Just transition can help companies identify and manage several key points of investor concern in the risk and impact reporting landscape, especially as human rights and human capital

management emerge as key disclosure topics, alongside climate-related disclosures.

UN Global Compact member companies can also use their Communication on Progress as a platform for reporting on key dimensions related to just transition, including labour rights, human rights, and environmental sustainability.

Support for an economy-wide just transition mitigates systemic risks

Private sector support for a just transition — including directly through robust company practices and more broadly through tripartite social dialogue, political advocacy and partnerships — contributes to economic growth and development. This mitigates systemic risks related to the economy, inequality and poverty.¹⁵ And by facilitating a speedy net-zero transition, a just transition also mitigates the systemic risks created by climate change itself, including risks to economic stability and growth, global security and public health.

TOWARD MAKING JUST TRANSITION A REALITY FOR BUSINESS

Businesses large and small are critical agents of change in the shared ambition to build a just and sustainable world. The structural transformation of the net-zero transition offers a once-in-a-century opportunity to put justice, human rights, equity and sustainability at the core of our economies and societies. Harnessing the opportunities of climate action and managing its challenges depends on private sector action and support.

The principles of just transition offer businesses valuable guidance for making this a reality. This Business Brief outlines priority actions all businesses can take, and identifies several areas of work where just transition principles can be applied. However, there is no universal blueprint. For this reason, the first step is to begin charting your own course while considering your company's impact and influence: develop internal capacity, map key touch points and identify priorities. A just transition is an opportunity for your business, a priority for our society and a necessity for our planet.

14. Co-developed by UN PRI, the London School of Economic and Political Science's Grantham Research Institute on Climate Change and the Environment, and Harvard University's Initiative for Responsible Investment.

15. World Economic Forum, [GLOBAL RISKS REPORT 2022](#).

GLOSSARY OF KEY TERMS USED IN THIS BUSINESS BRIEF

B

Bipartite

Involving representatives of workers and employers

C

Climate justice

Climate justice is a concept and movement which addresses the fact that the benefits and burdens of climate change are unequally distributed and that many of those who suffer the worst effects of climate change did the least to cause it. Climate justice therefore emphasizes the distinct roles and responsibilities of the Global South and North in the response to climate change. Like just transition, climate justice shares the ideal of uniting social justice and environmental sustainability. Climate justice organizations can be powerful allies in a just transition and they offer valuable insights for some of its key processes.

Though its principles are international in nature, climate justice organizations tend to represent grassroots movements situated within local contexts. In contrast, the ILO Just Transition Guidelines represent a framework whose objectives and guiding principles have been agreed by a broad and diverse set of stakeholders internationally. Just transition principles have relevance across regions and economic sectors and are recognized in international treaties such as the Paris Agreement.

Collective bargaining

Negotiation of wages and other conditions of employment by an organized body of workers.

D

Decent work

Decent work includes four pillars: full and productive employment, rights at work, social dialogue, and social protection.

E

Environmental justice

Environmental justice is a concept and movement to address the unfair exposure of poor and marginalized communities to harms associated with resource extraction, hazardous waste and other land uses. Like just transition, environmental justice shares the ideal of uniting social justice and environmental sustainability. Environmental justice organizations can be powerful allies in a just transition and they offer valuable insights for some of its key processes. See, for example, the [JEMEZ PRINCIPLES FOR DEMOCRATIC ORGANIZING](#).

Environmental justice organizations tend to represent grassroots movements situated within local contexts. In contrast, just transition is a framework whose terms have been agreed by a broad and diverse set of stakeholders internationally, with relevance across regions and economic sectors, and which is recognized in international treaties such as the Paris Agreement.

F

Freedom of association

The freedom of association is the right to form and join organizations, including those which represent one's interest in negotiations and/or policy making, such as trade unions and business associations. It is a fundamental human right under the [UNIVERSAL DECLARATION OF HUMAN RIGHTS](#) (UDHR). It is closely linked to the right to collective bargaining, as it is the collective voice of workers that enables them to engage in meaningful discussions and negotiations with employers.

G

Guiding Principles of Just Transition

The Guiding Principles of Just Transition, found in the ILO Guidelines, are listed below. These Principles were developed in the context of public policy, but have relevance for other actors including businesses: "(a) Strong social consensus on the goal and pathways to sustainability is fundamental. Social dialogue has to be an integral part of the institutional framework for policymaking and implementation at all levels. Adequate, informed and ongoing consultation should take place with all relevant stakeholders. (b) Policies must respect, promote and realize fundamental principles and rights at work. (c) Policies and programmes need to take into account the strong gender dimension of many environmental challenges and opportunities. Specific gender policies should be considered in order to promote equitable outcomes. (d) Coherent policies across the economic, environmental, social, education/training and labour portfolios need to provide an enabling environment for enterprises, workers, investors and consumers to embrace and drive the transition towards environmentally sustainable and inclusive economies and societies. (e) These coherent policies also need to provide a just transition framework for all to promote the creation of more decent jobs, including as appropriate: anticipating impacts on employment, adequate and sustainable social protection for job losses and displacement, skills development and social dialogue, including the effective exercise of the right to organize and bargain collectively. (f) There is no "one size fits all". Policies and programmes need to be designed in line with the specific conditions of countries, including their stage of development, economic sectors and types and sizes of enterprises. (g) In implementing sustainable development strategies, it is important to foster international cooperation among countries. In this context, we recall the outcome document of the United Nations Conference on Sustainable Development (Rio +20), including section VI on means of implementation".

H

Human rights

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination. The Universal Declaration of Human Rights, proclaimed by the UN General Assembly in 1948, sets out fundamental human rights to be universally protected. The Declaration inspired the adoption of more than 70 human rights treaties, applied on a permanent basis at global and regional levels.

International Labour Organization

The [INTERNATIONAL LABOUR ORGANIZATION \(ILO\)](#) is the United Nations agency for the world of work. It sets international labour standards, promotes rights at work and encourages decent employment opportunities, the enhancement of social protection and the strengthening of dialogue on work-related issues. The ILO has a unique structure, bringing together Governments and employers' and workers' representatives. The ILO has 187 Member States and is one of the oldest UN agencies. See ILO, [LEAFLET](#)

I

Just transition

A just transition maximizes the social and economic opportunities of climate action, while carefully managing its challenges. Rooted in sustainable development, a just transition leverages environmental strategies to advance decent work, promote social inclusion and eradicate poverty. It depends on a fair process built on social dialogue (between representatives of companies and of workers and sometimes of Governments); stakeholder engagement among all impacted groups, including affected communities; and a universal respect for fundamental labour rights and other human rights. It is a holistic approach, touching every economic sector (not only energy), every region and every country.

J

Living wage

The wage required for a worker to meet basic needs including housing, food, healthcare and other necessities. Living wages vary across regions, depending on local cost of living, and are frequently higher than legal minimum wages. Living wages prevent workers from falling into poverty.

L

Policy framework of the ILO Guidelines

The policy framework of the ILO Just Transition Guidelines addresses nine key policy areas: macroeconomic and growth policies; industrial and sectoral policies; enterprise policies; skills development; occupational safety and health; social protection; active labour market policies; rights; and social dialogue and tripartism. It also outlines the institutional arrangements required to address the challenges of just transition, including the need for policy coherence.

P

Responsible business conduct

Responsible business conduct refers to the expectation, and related standards of conduct, that all businesses avoid and address negative impacts of their operations, while contributing to sustainable development in the countries where they operate. In addition to the expectation that companies act over and above compliance with national laws and regulations, responsible business conduct is further set out in internationally-recognized standards, including the [TEN PRINCIPLES OF THE UN GLOBAL COMPACT](#), the [UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS \(UNGPR\)](#), the [ILO TRIPARTITE DECLARATION OF PRINCIPLES CONCERNING MULTINATIONAL ENTERPRISES AND SOCIAL POLICY \(MNE Declaration\)](#), the [OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES \(OECD Guidelines\)](#), and the [CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES](#).

R

Rights at work

FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK include freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; the elimination of discrimination in respect to employment and occupation; and a safe and healthy working environment. The right to a safe and healthy working environment was added to the ILO Declaration on Fundamental Principles and Rights at Work in June 2022.



Social dialogue

Social dialogue includes all types of negotiation, consultation or information sharing among representatives of Governments, employers and workers, or between those of employers and workers, on issues of common interest relating to economic and social policy. Social dialogue is both a means to achieve social and economic goals and an objective in itself, as it gives people a voice and stake in their societies and workplaces. It can be bipartite, between workers and employers (i.e., social partners) or tripartite, including government. Social dialogue can improve the design of policy measures, it can contribute to their effective implementation, and it can improve the quality of the outcomes. See ILO, SOCIAL DIALOGUE. In some jurisdictions, social dialogue is a required condition for corporate restructuring.

Social inclusion

Social inclusion means improving the terms by which people participate in society, particularly those who are disadvantaged, and depends on enhancing opportunities, access to resources, their voices and respect for human rights.

Social partners

Worker organizations, such as trade unions, and employer organizations.

Social protection

Social protection, or social security, is the set of policies and programmes designed to reduce and prevent poverty and vulnerability across the life cycle. Social protection includes nine main areas: child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection, old-age benefits, disability benefits and survivors' benefits.



Transition in

Deep decarbonization in high-emitting industries.

Transition out

The growth of green companies, industries and technologies.

Tripartite

Involving representatives of workers, employers, and governments.

RESOURCE GUIDE

1. KEY FRAMEWORKS: LAYING THE FOUNDATION

The vision, key opportunities and challenges, and guiding principles of just transition are established in the International Labour Organization's [GUIDELINES FOR A JUST TRANSITION TOWARDS ENVIRONMENTALLY SUSTAINABLE ECONOMIES AND SOCIETIES FOR ALL](#) (ILO Guidelines), adopted in 2015 through international tripartite consensus. The ILO Guidelines offer a policy framework and practical guidance for Governments and social partners on how to formulate, implement and monitor this policy framework. Just transition represents an integrated approach to sustainable development, now represented by the [2030 AGENDA FOR SUSTAINABLE DEVELOPMENT \(GLOBAL GOALS\)](#). Likewise, the [PARIS AGREEMENT](#) frames climate action in the context of poverty eradication and sustainable development, and acknowledges "the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities".

Business support for just transition begins from a foundation of responsible business conduct and respect for human rights, including labour rights. This foundation is set out in the [TEN PRINCIPLES OF THE UN GLOBAL COMPACT](#), the [ILO TRIPARTITE DECLARATION OF PRINCIPLES CONCERNING MULTINATIONAL ENTERPRISES AND SOCIAL POLICY \(MNE Declaration\)](#), the [UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS \(UNGPR\)](#), and the [OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES \(OECD Guidelines\)](#).

2. GENERAL RESOURCES: GRASPING THE BIG PICTURE

The [ILO WORLD EMPLOYMENT AND SOCIAL OUTLOOK 2018: GREENING WITH JOBS](#) offers a broad framing for a global just transition, offering insight on the links between environmental sustainability and the world of work, including decent work, green jobs and green enterprises, social dialogue, labour standards, social protection, and green skills. This research is further developed in a rich database of sectoral, regional and topical research found within the [ILO GREEN JOBS PUBLICATIONS](#).

Developed in the context of the UN Framework Convention on Climate Change (UNFCCC), the [COP26 JUST TRANSITION](#)

[DECLARATION](#) outlines the key priorities for supporting a just transition internationally. Its [JUST TRANSITION OF THE WORKFORCE, AND THE CREATION OF DECENT WORK AND QUALITY JOBS: TECHNICAL PAPER](#) provides an overview of UNFCCC's work relating to just transition, with insight on the links between just transition and climate change mitigation policies and actions.

The International Organisation of Employers (IOE), representing more than 150 national employer organizations and 50 million companies, published a Guidance Note [MAKE TRANSITIONS WORK: CLIMATE CHANGE AND EMPLOYMENT](#) (also published as a [POLICY PAPER](#)), which details the challenges and opportunities for social and employment policy in the context of climate change. The [GUIDANCE PAPER ON EMPLOYMENT, JUST TRANSITION, AND CLIMATE GOVERNANCE](#) provides a summary of more recent developments in international climate discussions which impact employers, including COP26 and the [GLASGOW CLIMATE PACT](#). The Guidance Paper also provides guidance for how employer organizations can support their members in related issues.

The International Trade Union Confederation (ITUC) represents 200 million workers in 163 countries, including through 332 national affiliates and several regional organizations. The Confederation's Just Transition Centre prepared [JUST TRANSITION: A REPORT FOR THE OECD](#), outlining key concepts and principles of a just transition, with examples of how this is applied at the enterprise, national, community and investor levels.

[CUTTING BILLS AND CREATING JOBS](#), research from the We Mean Business Coalition, demonstrates that government policies that accelerate the cleaner energy transition to net-zero will reduce future energy bills and create jobs while maintaining GDP growth in both advanced and developing economies.

3. KEY TOPICS: UNDERSTANDING ITS ASPECTS

Gender

The ILO technical paper [JUST TRANSITION: AN ESSENTIAL PATHWAY TO ACHIEVING GENDER EQUALITY AND SOCIAL JUSTICE](#) outlines how a just transition is fundamental to making climate action in the world of work gender-responsive.

It highlights the gendered dimension of impacts from climate change and mitigation and adaptation activities, and identifies policy pathways and best practices.

[JUST TRANSITION AND GENDER – A REVIEW](#), an expert paper prepared by Samantha Smith, Just Transition Centre, for UN Women, gives a labor movement perspective on the gender dimension of just transition and its critical importance in an effective response to the climate emergency.

Skills

The ILO report [SKILLS FOR A GREENER FUTURE: A GLOBAL VIEW](#), is based on 32 country studies and offers a global view of the net-zero transition's effect on the skills and the policies needed to support green skills development.

Social dialogue

The [CONTRIBUTION OF SOCIAL DIALOGUE TO THE 2030 AGENDA](#) from ITUC describes the importance of social dialogue in achieving the Global Goals, including case studies and best practices. [A BUSINESS CASE FOR SOCIAL DIALOGUE](#) is laid out in this report from Global Deal.

The ILO published a guide for [NATIONAL TRIPARTITE SOCIAL DIALOGUE](#), which can assist companies in their efforts to engage with Governments and worker organizations at the national level. ILO Working Paper [THE ROLE OF TRIPARTITE SOCIAL DIALOGUE IN FACILITATING A JUST TRANSITION: EXPERIENCES FROM SELECTED COUNTRIES](#) analyzes the role of tripartite social dialogue in supporting green workplaces and promoting just transitions at the enterprise level.

Cross-border social dialogue in global supply chains presents special challenges, addressed in this [ILO REPORT FOR DISCUSSION AT THE MEETING OF EXPERTS ON CROSS-BORDER SOCIAL DIALOGUE](#) and the meeting's [FINAL CONCLUSIONS](#). [THE ILO REPORT GLOBAL FRAMEWORK AGREEMENTS: ACHIEVING DECENT WORK IN GLOBAL SUPPLY CHAINS](#) provides more detail on how these agreements, concluded between multinational enterprises and global union federations, advance decent work in global supply chains.

The [ILO SOCIAL DIALOGUE REPORT 2022: COLLECTIVE BARGAINING FOR AN INCLUSIVE, SUSTAINABLE AND RESILIENT RECOVERY](#), the first edition of this flagship report, focuses

on collective bargaining's role in mitigating the impact of COVID-19 on employment and earnings.

Social protection

[THE ROLE OF SOCIAL PROTECTION IN JUST TRANSITION](#) is outlined in this report from ITUC.

Job quality

[THE GREEN JOBS ADVANTAGE: HOW CLIMATE-FRIENDLY INVESTMENTS ARE BETTER JOB CREATORS](#) from World Resources Institute, with contributions from ITUC, provides evidence that sustainable investments create more jobs than their conventional counterparts and outlines measures to ensure new jobs are quality jobs. [JOB QUALITY MAPS](#) and affiliated research from the Workforce & Organizational Research Center provide insight and evidence regarding the attributes of job quality that contribute to particular aspects of business performance.

The UN Global Compact offers a comprehensive resource on [LIVING WAGES](#), including the relationship with sustainable development, the business case, and possibilities for action.

Poverty eradication

The [REPORT ON THE "JUST TRANSITION" IN THE ECONOMIC RECOVERY: ERADICATING POVERTY WITHIN PLANETARY BOUNDARIES](#) from the UN Human Rights Office addresses the potential for a just transition to strengthen the human rights of those living in poverty.

Youth and children

Young women and men are particularly vulnerable to the impact of climate change on the world of work. At the same time, young people tend to have stronger aspirations for work that benefit society and environmental sustainability. They can more easily acquire the new skills required in the green economy. An overview of these dynamics and related opportunities can be found in the report [GREEN JOBS FOR YOUTH](#) and the ILO report [GREEN JOBS AND GREEN FUTURES FOR YOUTH](#). Creating opportunities for youth depends on an enabling environment for green enterprises, discussed in the report [GROWING GREEN: FOSTERING A GREEN ENTREPRENEURIAL ECOSYSTEM FOR YOUTH](#).

Children are uniquely vulnerable to death and damage from climate change. They are less able to survive extreme weather and are more susceptible to toxic chemicals, temperature changes and diseases. If they survive, this harm lasts a lifetime, perpetuating and deepening inequality and poverty for generations. The United Nations Children's Fund (UNICEF) estimates that almost every child on earth is now exposed to at least one climate and environmental shock and stress, with approximately 1 billion children at "extreme high risk". One in four deaths in children under five are attributable to unhealthy environments. More detail can be found in the report [MORE DETAIL CAN BE FOUND IN THE REPORTS MAKING CLIMATE AND ENVIRONMENT POLICIES FOR & WITH CHILDREN AND YOUNG PEOPLE AND THE CLIMATE CRISIS IS A CHILD RIGHTS CRISIS](#).

Human rights

[JUST TRANSITIONS FOR ALL: BUSINESS, HUMAN RIGHTS AND CLIMATE ACTION](#), from the Institute for Human Rights and Business, describes key linkages between just transition and human rights, and offers guidance for how business can leverage human rights good practices to support a just transition.

[INDIGENOUS PEOPLES AND CLIMATE CHANGE: FROM VICTIMS TO CHANGE AGENTS THROUGH DECENT WORK](#) outlines the decent work agenda's importance for empowering indigenous women and men as partners in sustainable development and climate action.

4. GUIDANCE FOR BUSINESSES: TAKING ACTION

STRATEGY

[JUST TRANSITION: A BUSINESS GUIDE](#) from the Just Transition Centre and The B Team is a foundational resource outlining business action in a just transition, and includes a description of the business case, as well as recommendations structured in three steps: Engage, Plan, Enact. The [JUST ENERGY TRANSITION: A FRAMEWORK FOR COMPANY ACTION](#), from the Council for Inclusive Capitalism, is a business-focused guide for company practices that support a just transition. The [SDG COMPASS](#), developed by GRI, the UN Global Compact, and the World Business Council for Sustainable Development, give companies guidance on their contributions to the Global Goals, including for strategy alignment and impact measurement and management.



DUE DILIGENCE AND RISK/IMPACT ASSESSMENTS

The [UN GUIDING PRINCIPLES ON BUSINESS & HUMAN RIGHTS](#) address best practices in human rights, which includes a range of practices relevant for supply chains, including human rights due diligence. The [CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES](#) offer guidance for companies on the full range of actions they can take in the workplace, marketplace and community to respect and support children's rights. The International Finance Corporation (part of the World Bank Group) developed [PERFORMANCE STANDARDS ON ENVIRONMENTAL AND SOCIAL SUSTAINABILITY](#) (IFC Performance Standards) as a framework to guide environmental and social risk assessments, including guidance on stakeholder engagement and project-related disclosures. The IFC Performance Standards are often used with the [WORLD BANK GROUP ENVIRONMENTAL, HEALTH AND SAFETY GUIDELINES](#) (EHS Guidelines), which serve as a technical reference.

SUPPLY CHAINS AND PROCUREMENT

The UN Global Compact offers a [DECENT WORK TOOLKIT FOR SUSTAINABLE PROCUREMENT](#), which includes tools for understanding the importance of decent work, communicating the meaning of decent work to suppliers and embedding decent work in corporate processes. The work of UN Global Compact in Living Wages (see Section 3) also addresses how living wages can be achieved across supply chains.

[MORE THAN A MEGAWATT: EMBEDDING SOCIAL & ENVIRONMENTAL IMPACT IN THE RENEWABLE ENERGY PROCUREMENT PROCESS](#), developed by Salesforce and partners, is a guide for embedding social and environmental impacts into renewable energy procurement. In a similar vein, [PRACTICES FOR JUST, SUSTAINABLE AND EQUITABLE DEVELOPMENT OF CLEAN ENERGY](#) from Ceres outlines related best practices. The International Council on Mining and Metals (ICMM) has developed [MINING PRINCIPLES](#) to enable the industry to support the Global Goals and the Paris Agreement, including by maximizing mining activity's benefits to local communities and managing any negative impacts.

FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

There are a number of resources created specifically for SMEs, addressing their specific challenges and supporting coordination. The [SME CLIMATE HUB](#) is a global initiative that empowers small to medium-sized companies to take climate action and build resilient businesses for the future. The Climate Hub offers access to several educational, measurement and reporting tools, including Climate Fit.

[CLIMATE FIT](#) is a training course to help SMEs reduce emissions and integrates training around people and communities. The Hub also offers a [FINANCIAL SUPPORT GUIDE](#) to help SMEs access financial support from financial institutions, large corporations and public/development institutions. The [B IMPACT ASSESSMENT](#) from B Labs offers SMEs a tool to measure, manage and improve impacts on the environment, communities, customers, suppliers, employees and shareholders.

The [ILO'S ENABLING ENVIRONMENT FOR SUSTAINABLE ENTERPRISES PROGRAMME](#) is designed to help stakeholders, including enterprises, especially SMEs, identify major constraints to business development. The programme also aims to foster tripartite dialogue to generate shared policy recommendations, support the adoption of effective policies and unlock entrepreneurial growth. Based on the ILO's 2007 International Labour Conference [CONCLUSIONS CONCERNING THE PROMOTION OF SUSTAINABLE ENTERPRISES](#), the programme describes 17 pillars of an enabling environment for sustainable enterprise development.

The UN Global Compact [SME ENGAGEMENT STRATEGY: 2021-2023](#) lays out its strategy and vision for accelerating and scaling meaningful SME engagement in sustainability.

MEASUREMENT, REPORTING AND COMMUNICATIONS

Businesses can communicate their just transition ambitions as a part of their overall strategy or vision and/or leverage existing platforms for this purpose. This would include the UN Secretary-General's [BUSINESS PLEDGE FOR A JUST TRANSITION](#), developed in cooperation with The B Team, or the Council for Inclusive Capitalism's [JUST TRANSITION COMMITMENT DATABASE](#).

Measuring and reporting progress in issues related to just transition can be supported by key reporting frameworks, including the GRI Standards, a standard for reporting social and environmental impacts; the Workforce Disclosure Initiative, a framework for reporting workforce practices; and the [SASB STANDARDS](#), which support the identification and reporting of financially material sustainability factors. The SASB Standards will serve as the foundational framework for the International Sustainability Standards Board [ISSB STANDARDS](#), which are being developed. Additionally, the Global Impact Investing Network's [IRIS+ SYSTEM](#) supports measurement and management of social and environmental impacts. [FROM THE GRAND TO THE GRANULAR: TRANSLATING JUST TRANSITION AMBITIONS INTO](#)

INVESTOR ACTION, from the London School of Economics' Grantham Research Institute on Climate Change and the Environment, includes an Appendix, pp. 36–38, which identifies key aspects of just transition and maps these to existing reporting standards. Additionally, the INITIAL FRAMEWORK OF SOCIAL INDICATORS FOR INVESTMENTS IN A JUST TRANSITION, developed by Synergy for the South African NGO Trade & Industrial Policy Strategies (TIPS), also includes a mapping to the UN SDGs and IRIS+ indicators (pp. 23–24).

The UN Guiding Principles on Business and Human Rights (UNGP) have an affiliated REPORTING FRAMEWORK. (The GRI Standards were also recently revised to improve alignment with UNGP.) The TASKFORCE ON INEQUALITY-RELATED FINANCIAL DISCLOSURES is a framework being developed to support the measurement and reporting of business contributions to social inequality.

5. COMPANY ASSESSMENTS: UNDERSTANDING STAKEHOLDER INTERESTS

Complementing the standards for corporate reporting, a number of frameworks are used to assess company contributions to just transition. Many of these rely on the data which companies publicly report. This includes the World Benchmarking Alliance (WBA) JUST TRANSITION ASSESSMENT, assessed in high-emitting sectors, and SOCIAL TRANSFORMATION FRAMEWORK, assessed across the Alliance's entire universe (the world's 2,000 most influential companies). WBA's methodologies are publicly available, allowing investors and other stakeholders to assess companies outside this universe as well. The JUST TRANSITION INDICATOR of Climate Action 100+ also uses publicly available information to assess the just transition practices of the world's highest-emitting companies. The RENEWABLE ENERGY & HUMAN RIGHTS BENCHMARK uses publicly available information to rank the world's largest renewable energy companies with respect to their human rights practices. The WBA CORPORATE HUMAN RIGHTS BENCHMARK benchmarks corporate human rights practice. This Benchmark primarily uses publicly available information, but also analyzes external sources to assess corporate responses to human rights allegations. The ShareAction report WORKFORCE DISCLOSURE IN 2021: TRENDS AND INSIGHTS uses data disclosed through the Workforce Disclosure Initiative to examine key trends and insights from all reporting companies. For its report BANKING ON A LOW-CARBON FUTURE II ShareAction conducted a survey to examine the response of Europe's largest 20 banks to

climate change, including issues relating to just transition. Moody's ESG Solutions, an ESG data provider, addresses just transition in its research, thought leadership and services. The company's 2021 report, RISING FOCUS ON JUST TRANSITION WILL RAISE RISKS FOR MOST EXPOSED COMPANIES, describes the relationship between just transition and business risk and identifies key gaps in company practices. It is based on an assessment of companies in the sectors most exposed to the net-zero transition and uses seven indicators relevant to just transition.

6. FINANCE/INVESTMENT: ALIGNING WITH INVESTORS AND INVESTING FOR IMPACT

A FINANCIAL SECTOR PATHWAY

The financial sector plays a leading role in the net-zero transition. In recent years, recognizing the need for a holistic approach to reducing emissions, many financial institutions and investors committed to net-zero have begun integrating the principles of just transition in their policies and strategies. This is reflected in a number of targeted initiatives, as well as in key global frameworks. For example, the GLASGOW FINANCIAL ALLIANCE FOR NET ZERO¹⁶ (GFANZ), a global coalition of financial institutions committed to decarbonization, has begun integrating just transition principles in its guidance for the financial and corporate sectors. In its PROGRESS REPORT - NOV 2021, the Alliance recommends corporate disclosure of how the decarbonization strategy supports just transition as part of best practices in corporate transition plans (pp. 60–61). It recommends financial institutions integrate just transition principles and the Global Goals into their net-zero transition plans (p. 71); their targets (p. 73); and policy advocacy (p. 17). Moreover, its CALL TO ACTION addressed to G20 Governments places just transition as a principal factor in effective climate action.

In June 2022, GFANZ published DRAFT GUIDANCE for financial institutions on how to develop and implement credible, high-ambition strategies for achieving net-zero. (The focus is on financial institutions, though the common framework also aims to provide clear, consistent and useful information for companies, regulators, governments and other stakeholders.) The framework includes recommendations and guidance for THE MANAGED PHASEOUT OF HIGH-EMITTING ASSETS as part of a just transition to net zero.

FINANCE FOR A JUST TRANSITION AND THE ROLE OF TRANSITION FINANCE, prepared by the ILO for the G20 Sustainable Finance Working Group in May 2022,

16. GFANZ includes Banking, Asset Manager, Asset Owner, Insurance, Service Provider, and Consultant Alliances, as well as a Paris Aligned Investment Initiative.

provides guidance for aligning the financial sector with the objectives of just transition and sustainable development. The report identifies social and employment-related elements to be factored into financial decision-making, highlights building blocks of financial market infrastructure that could be enhanced, and connects these building blocks with elements of emerging transition finance frameworks.

INVESTOR AND BANKING INITIATIVES

For investors, just transition has emerged as a concern, informing a wide range of activities, including investment strategy, corporate engagement, capital allocation decisions, policy advocacy and partnerships, and learning and coordination. These are outlined in the [UN PRI STATEMENT OF INVESTOR COMMITMENT TO SUPPORT A JUST TRANSITION](#) and its accompanying guide: [CLIMATE CHANGE AND THE JUST TRANSITION: A GUIDE TO INVESTOR ACTION](#).

The banking sector is also increasing its activity related to just transition. [Just Transactions: A White Paper on JUST TRANSITION AND THE BANKING SECTOR](#) covers many of these developments for both commercial banks and development finance institutions. Members of the [FINANCING THE JUST TRANSITION ALLIANCE](#), an alliance of banks, investors, financial institutions, universities and trade unions based in the United Kingdom, have undertaken a number of initiatives to support a just transition. These are described in the Alliance's 2021 report [JUST ZERO](#).

INVESTOR ENGAGEMENT

In recent years, sustainable investors have stepped up corporate engagement efforts to advance their ESG goals. [FROM THE GRAND TO THE GRANULAR: TRANSLATING JUST TRANSITION AMBITIONS INTO INVESTOR ACTION](#) provides a framework to guide investors' engagement with companies in support of a just transition. The Interfaith Center on Corporate Responsibility has adopted a [STATEMENT OF INVESTOR EXPECTATIONS ON JOB STANDARDS AND COMMUNITY IMPACTS IN THE JUST TRANSITION](#), which outlines key investor requests. [INVESTORS FOR A JUST TRANSITION](#) is an investor alliance focused on corporate engagement to promote a just transition. The World Benchmarking Alliance leads [COLLECTIVE IMPACT COALITIONS](#), which include investor engagement with companies on just transition (see [INVESTOR LETTER](#)). Climate Action 100+ recently released the [FIRST RESULTS](#) of its just transition indicator, which will inform the investor coalition's engagement activities.

Many trade unions are also institutional investors, responsible for allocating and stewarding the investment capital which funds workers' retirement and health benefits. Reflecting their active approach to investment, trade unions have organized through the [COMMITTEE ON WORKERS' CAPITAL](#) and have developed [ITUC SHAREHOLDER RESOLUTION PRINCIPLES](#) to guide corporate engagement.

There is also growing momentum among investors to support human rights, including through the [INVESTOR ALLIANCE FOR HUMAN RIGHTS](#) and [ADVANCE](#), a collaborative stewardship initiative for human rights and social issues from UN PR.

IMPACT INVESTMENT

Impact investing also plays a crucial role in supporting a just transition. Companies may be recipients of impact capital, investors of impact capital and/or play a separate role in the impact investing ecosystem. The Impact Investing Institute report [MOBILISING INSTITUTIONAL CAPITAL TOWARD THE SDGS AND A JUST TRANSITION](#) offers a broad picture of the sector's role. The Institute also offers a toolkit and implementation guide for [PLACE-BASED IMPACT INVESTING](#). The [JUST TRANSITION FINANCE CHALLENGE](#), launched by the Impact Investing Institute in the United Kingdom, recently announced plans to develop a Just Transition label for investment products.

The impact measurement and management system [IRIS+](#) from the Global Impact Investing Network plays a central role in the impact investment ecosystem, facilitating effective data practices around social and environmental impacts. The system incorporates a number of impacts related to just transition, including [QUALITY JOBS](#).

DEVELOPMENT FINANCE

Many development finance institutions (DFIs), including domestic, bilateral and multilateral institutions, have long held decent work as a core development objective. As climate action has moved to the center of their strategies, these institutions now play a key role in advancing a coordinated approach to decent work, climate action and sustainable development.

Their capacities for concessionary capital, technical assistance and coordination with policymakers are important assets. The [MDB JUST TRANSITION HIGH-LEVEL PRINCIPLES](#) represent a framework that several large multilateral DFIs have adopted to embed just transition

into their activities. As examples, the Asian Development Bank launched an [ENERGY TRANSITION MECHANISM](#) and the European Bank for Reconstruction and Development's strategy includes the [JUST TRANSITION INITIATIVE](#).

A report [JUST TRANSITION IN THE INTERNATIONAL DEVELOPMENT CONTEXT](#) describes how the just transition framework facilitates international development in the context of climate action, with a special focus on the role of trade unions.

7. INITIATIVES AND ACTIVITIES OF THINK LAB PARTNERS: WORKING TOGETHER

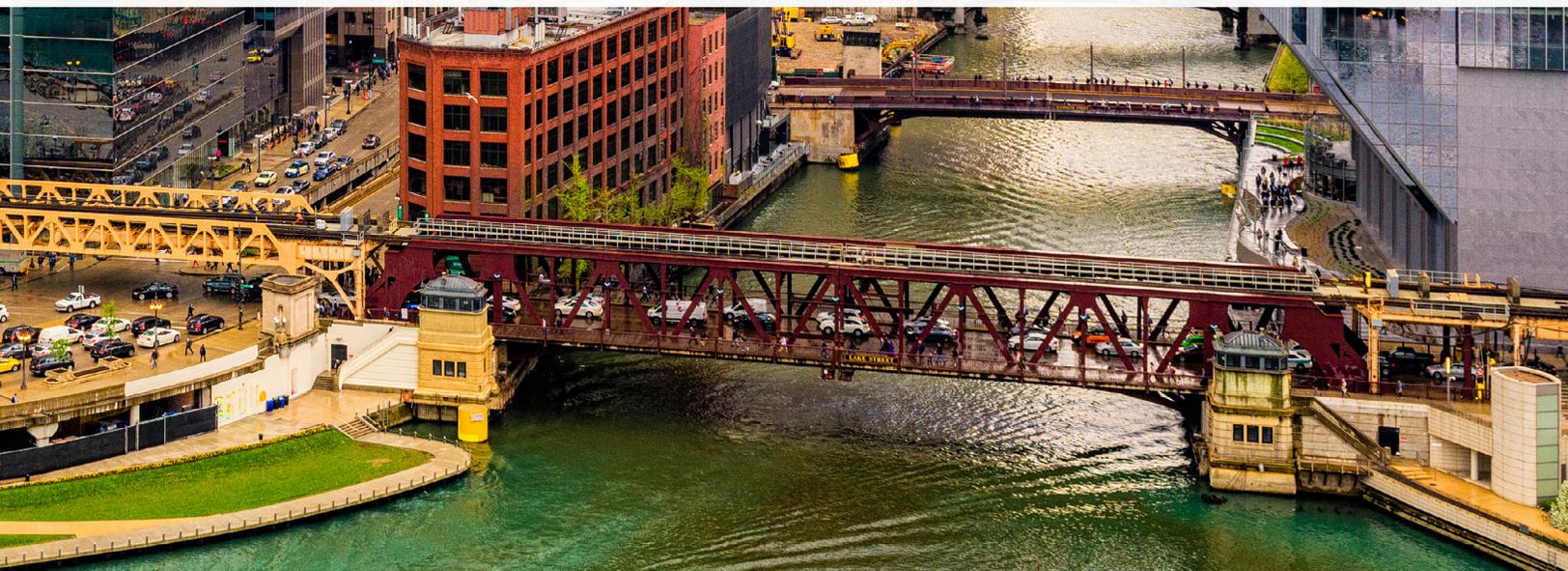
The ILO hosts the [CLIMATE ACTION FOR JOBS \(CA4J\) INITIATIVE](#), a global, collaborative initiative to support just transition, which welcomes members from the business community who implement just transition measures. Within individual countries, CA4J supports the development of job-centred climate policies, inclusive social protection policies, robust social dialogue and research and knowledge. Internationally, CA4J promotes advocacy and outreach, capacity development and research and innovation.

To accelerate a just transition, the ITUC and partners established the [JUST TRANSITION CENTRE](#) as a platform to support social dialogue and stakeholder engagement, capacity development and strategic input in policy dialogues.

The International Renewable Energy Agency established the [COLLABORATIVE FRAMEWORK ON JUST & INCLUSIVE ENERGY TRANSITIONS](#), which aims to bring countries and other stakeholders together to identify priority areas and concrete actions to promote just and inclusive energy transitions.

8. EXAMPLE POLICY INITIATIVES: ACTIVATING THE ROLE OF GOVERNMENTS

A number of national Governments have established specialized policy initiatives to support a just transition in their countries. These initiatives include elements of targeted financial assistance, organs for development and diversification planning and policy coordination, economic and climate research and analysis, mechanisms for social dialogue and community outreach, and/or official guidance for private sector actors. Examples include Scotland's [JUST TRANSITION COMMISSION](#), South Africa's [PRESIDENTIAL CLIMATE COMMISSION](#), the European Commission's [JUST TRANSITION MECHANISM](#), the United States' [INTERAGENCY WORKING GROUP ON COAL & POWER PLANT COMMUNITIES & ECONOMIC REVITALIZATION](#), and the UK Transition Plan Taskforce's [A SECTOR-NEUTRAL FRAMEWORK FOR PRIVATE SECTOR TRANSITION PLANS](#). Additionally, the [JUST ENERGY TRANSITION PARTNERSHIP](#), announced at COP26, is a groundbreaking international policy initiative. The partnership is a long-term agreement between the Governments of South Africa, the United States, the United Kingdom, France, Germany and the European Union. It aims to accelerate South Africa's decarbonization in the context of domestic climate policy with just transition as a central objective.



THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.



LABOUR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour; and
- 6 the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment and anti-corruption. Our ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals through accountable companies and ecosystems that enable change. With more than 15,000 companies and 3,000 non-business signatories based in over 160 countries, and 69 Local Networks, the UN Global Compact is the world's largest corporate sustainability initiative — one Global Compact uniting business for a better world.

For more information, follow [@globalcompact](#) on social media and visit our website at [unglobalcompact.org](#).



United Nations
Global Compact

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