# Moving from pledges to implementation: a guide for corporate just transition action

**October 2023**

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# Key messages

The close collaboration of businesses, policymakers, and workers is critical to ensure the implementation of just transition strategies that address the social and economic impacts of decarbonisation. In turn, such collaboration can have tangible benefits for workers, businesses, and communities impacted by the transition to a low-carbon economy. This brief builds on existing work from the UNDP, the International Labour Organisation (ILO), the Grantham Research Institute, the World Benchmarking Alliance (WBA), and the Council for Inclusive Capitalism. It provides recommendations to businesses on how to implement a just transition and monitor progress, and is structured around three key messages:

1. Businesses, policymakers, and workers should collaborate to identify and implement effective regulations and incentives to build capacity and overcome barriers to a just transition.
2. Just transition considerations are increasingly integrated into disclosure requirements and businesses that enact just transition policies now will be able to deal with climate and social impacts more effectively in the future.
3. Businesses should use existing just transition tracking progress methodologies and tools to improve their level of readiness and to anticipate and plan for changes over time.

# Background

The concept of just transition[1] has gained increased prominence since its emergence in the 1970s and the eventual signing of the Paris Agreement.[2] To follow was the adoption of the ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all in 2015 (hereafter referred to as the ILO Just Transition Guidelines). Most recently, in 2023, the 111th International Labour Conference (ILC) endorsed the ILO Just Transition Guidelines. It also called for employers' and workers to "develop and implement sustainable transition plans at enterprise and sectoral level through bipartite social dialogue, including workplace cooperation." This means that the ILO member states and workers' and employers' representatives have elevated the significance of the Guidelines, while introducing further guidance, on for example, the role of the private sector in advancing a just transition. At its core, just transition is about social dialogue, labour rights, gender equality, policy coherence and leaving no-one behind.

[1] According to the ILO, a just transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind. A just transition involves maximising the social and economic opportunities of climate action, while minimising and carefully managing any challenges – including through effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights. See https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_885375.pdf

[2] The Paris Agreement explicitly cites the need for a just transition "taking into account 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…" https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf

In recent years, the concept has gained increased traction in climate negotiations. This includes incorporation in the outcome of the Rio+20 Earth Summit, the preamble of the Paris Agreement and an upcoming Just Transition Work Programme under UNFCCC. While there is no one-size fits all, there is ample policy guidance which can support the process.

**Box 1 Relevance of the ILO Just Transition Guidelines for Companies**

While there is no one size fits all, the ILO Just Transition Guidelines outline nine specific policy areas[3] for interventions that governments and social partners should consider when implementing a just transition. These include upskilling/retraining schemes, public procurement incorporating decent work and green targets, targeted micro, small, and medium-sized enterprises (MSME) guidance and support, and social protection schemes and establishing social dialogue and tripartism mechanisms. Although the ILO Just Transition Guidelines are developed for policymakers, they outline Guiding Principles for just transition interventions which can be easily translated for corporate action. These are social dialogues, respecting, promoting, and realising fundamental principles and rights at work, gender policies and equitable outcomes, enabling environment and coherent policies, no 'one-size fits all' and international cooperation.

Likewise, a just transition work programme under the UNFCCC is planned for COP28 at the end of 2023. As outlined in the ILC resolution and conclusion, decent work, social justice, and inclusion are essential to ensuring a just transition. Governments, the private sector (including companies and financial institutions), trade unions and civil society are increasingly advocating the need to implement just transition plans and policies.[4]

**The business rationale for just transition is also clear.** Beyond the possible increased net job creation, there are several other co-benefits for companies that work with governments and social partners to integrate just transition into their decision-making processes. These include reduced market-, regulatory-, reputational- and technological risks.[5] Companies that are more proactive and ambitious in their just transition plans may be less likely to lose market share linked to technological disruptions. They can also experience higher productivity and employee retention linked to better working conditions, and can benefit from increased public and private investments. The latter is particularly the case given climate change is affecting businesses today. Investors are also increasingly wary of stranded assets and pushing companies to align with net zero emissions (as in the case of Climate Action 100+ signatory investors). Beyond climate risks, social risks are also increasingly assessed by investors. As shown by the World Economic 2023 Forum's Global Risk Report 80% of short and long term risks are likely to be either societal or environmental. The Impact Management Platform (IMP) also shows through its research the linkages between social conditions and economic and financial outcomes.

[3] The nine policy areas are: Macroeconomic and growth policies, industrial and sectoral policies, enterprise policies, skills development, occupational safety and health, social protection, active labour market policies, rights, social dialogue and tripartism.

[4] As an example, almost 50 governments have formally committed to develop just transition policies, and more than 19 governments have now established national transition task forces or commissions. Similarly, there is a growing recognition from the private sector of the importance of aligning with just transition principles. These include efforts from WBA, The Council for Inclusive Capitalism, Grantham Institute, CA100+, IOE's employer alliance for green skills initiative, GFANZ, Finance for Tomorrow and the UN Global Compact ThinkLab on just transition.

[5] The ILO emphasises these climate and transition related risks in its just transition policy brief for micro, small, and medium-sized enterprises (MSME's) as well. For further overview see https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_858855.pdf

In addition, several just transition guiding principles (see box 1 above) in and of themselves improve business performance. This is the case of social dialogue and collective bargaining, for example, which present a number of socio-economic benefits. These include lower staff turnover, improved cooperation and resilience of the workforce and innovation. Modelling work conducted by the ILO, UNDP and partners also shows that incorporating employment considerations in the development of climate policies is an effective way for governments to work with companies to identify where potential socio-economic gains or losses may occur. Even though the benefits will vary depending on the context, these can include in addition to emission reductions, reduced income inequality, investments in sectors with high job multipliers and improved inclusion of women and youth.

**Yet, despite the progress made, there is a risk of fragmentation of efforts and a lack of clarity on how commitments by companies are being met.** There remains a gap between just transition company policies and direct action to advance social justice, decent work and just transition priorities. As an example, the International Trade Union Confederation's (ITUC) 2022 Global Rights Index finds that abuse of worker rights reached record highs in 2022. At the company level, insights from WBA's Just Transition Assessment[6] of 320 companies across different sectors shows what these just transition gaps are and the extent to which they exist (see table 1 below). Companies do take measures to create green jobs and reskill their workforce. Yet, their level of just transition readiness decreases in other areas of assessment and is lowest in terms of social protection and advocating and planning for a just transition.[7] In particular WBA's just transition assessments reveal that while 40% of the 320 companies assessed by WBA show some of the measures, they are taking for green job creation, **less than 1% are planning effectively for a just transition.**

[6] WBA's just transition assessment is now systematically integrated in all its climate and energy benchmarks. WBA assesses just transition commitments from companies based on six areas of measurement: social dialogue and stakeholder engagement, planning for a just transition, green and decent job creation, retaining and re-and/or upskilling, social protection and social impact management, and advocacy for policies and regulation supporting a just transition. WBA also developed a number of core social indicators to show how companies are aligning with human rights, decent work and ethical conduct principles. For further information on WBA's just transition methodology and these indicators see: https://www.worldbenchmarkingalliance.org/just-transition/

[7] Just transition planning refers to how a company engages in social dialogue and mitigates potential detrimental social impacts of the low-carbon transition through time bound targets for its workers, affected communities and business relationships.

**Table 1** **Level of company readiness on just transition across areas of assessment**[8]

| | Depth of just transition integration[9] | Social dialogue and stakeholder engagement[10] | Planning for a just transition | Green and decent job creation | Retaining and re-and/ or upskilling | Social protection and social impact management | Advocacy for policies and regulation supporting a just transition |
|---|---|---|---|---|---|---|---|
| **Fully integrated** | 2.2% | 0.3% | 2.5% | 0.6% | 0.0% | 0.0% | |
| **At least partially integrated** | 30.3% | 7.9% | 39.7% | 57.4% | 7.6% | 6.6% | |

Low Average High

**Note:** The colour coding in this table shows visually the level of readiness

Meanwhile, expectations towards corporate action are rising with tightening of public scrutiny of companies' environmental as well as labour practices. As such, further work is needed to ensure companies as social partners actively work with governments to operationalise the ILO just transition guidelines, track progress made over time, and increase their capacity building efforts for a just transition. This is essential to protect workers, consumers, and communities on the ground from the socio-economic impacts of the low-carbon transition.

Businesses, policymakers, and workers should collaborate to identify and implement regulations and incentives to build capacity and overcome barriers to a just transition.

Despite the imperative for private sector efforts, **companies will not achieve just transition goals without active collaboration with governments, and other stakeholders**. As a first step, government climate strategies must act as key levers to create a wider enabling policy environment for companies to adopt just transition practices.

[8] The level of readiness shows the extent to which companies are taking measures to address just transition in the different areas of assessment.
[9] Fully integrated means a company meets all elements in the area of just transition assessment based on WBA's just transition methodology. Partially integrated means the company meets at least one or more elements per area of assessment.
[10] While this is not disaggregated in this table it is important to note that social dialogue and stakeholder engagement vary with different processes and procedures in place. Companies also perform differently on these varied aspects. For example, of the 320 companies assessed by WBA to date 26% have a public commitment to engage in social dialogue while only 4% have social dialogue processes in place specifically relating to a just transition. In terms of stakeholder engagement only 9% of the companies disclose the stakeholders they engage with and 6% the steps they take to engage with these stakeholders.

**Box 2 UNDP's Just Transition Framework: an example of how to collaborate and plan effectively for a just transition.**

UNDP's just transition framework is centred around principles, processes and practices with five building blocks namely: impact assessment, engagement, institutional and policy frameworks, reflecting recovery, crisis and conflict-affected contexts and financing a just transition. In particular, UNDP's work shows the extent to which governments are integrating just transition in their Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTS). To date just transition principles are integrated into 38% of Nationally Determined Contributions (NDCs) and 56% of Long-Term Strategies (LTS) but to varying depths of commitments. For example, 38% of governments do integrate just transition in their revised NDCs, but only 7% include detailed guidance in terms of skills development, re-skilling, training, and human capacity-building for workers. These areas are all critical to the successful implementation of just transition at national as well as company level. Similarly, only a small share of revised NDCs (8%) have a sectoral focus. Through social dialogue, companies can work actively with their government counterparts, to shape both LTS and NDCs to ensure their coherence between national just transition objectives and company level action.

There are other ways companies can also work with governments and social partners to operationalise the ILO Just Transition Guidelines. For example, companies can benefit from specific fiscal and policy instruments that will be used to finance and support a just transition. An enabling policy environment should therefore not be restricted to one type of policy but rather build on the ILO's nine specific policy areas (see box 1). These enabling policies can foster higher levels of public-private collaboration (See Annex 1) and support companies in overcoming some of the barriers they face when seeking to implement a just transition. Table 2 below builds on the ILO's nine specific policy areas and gives an overview of how some of these enabling policies can support just transition implementation for companies.

**Table 2 Illustrative examples of enabling policies for corporate action on just transition.**

| Enabling policy | How it can support corporate action on just transition |
|---|---|
| Establishing social dialogue and tripartite mechanisms | In addition to collective bargaining agreements which support social dialogue and tripartite mechanisms, global framework agreements (GFAs) also play an important role. GFAs can ensure just transition is not only integrated within a company's main market but across its entire operations. This is important as just transition readiness can vary from one country to another with workers across the value chain that may not equally be protected.<br><br>Local and central governments can also work with companies to facilitate effective multi-stakeholder engagement and social dialogue. This should not only include workers, communities, impacted and vulnerable people, but also impacted businesses and particularly small businesses. The latter may be less resilient and resourced than larger companies and may require additional support to transition to a net- zero economy. |
| Upskilling and retraining schemes | Upskilling and retraining schemes are an essential means for companies to ensure workers are not left stranded as a result of the low-carbon transition. This is important, especially as recent research across the US and UK shows that low-carbon jobs can be more skills intensive than previously thought. As such these schemes should help identify where green skills gaps exist. The provision of technical and further vocational education (TVET) and apprenticeships should be aligned with labour market needs/planning by companies and governments. It is also key these schemes have targets and incentives to include women and vulnerable groups who tend to be excluded from such programs. In addition, these schemes can be strengthened by not only focusing on one aspect of the low-carbon |

| | |
|---|---|
| | transition such as renewable energy. The low-carbon transition presents multiple opportunities for employers including in terms of restoring degraded environments and shifting to a circular economy.<br><br>Workforce development is a key area for collaboration between policymakers and the private sector. While companies are often well-positioned to understand the needs of their individual workforce, governments can support the development of an aggregate view of the workforce requirements of a net-zero economy. This is especially the case through collaboration with employers' organisations who work directly with companies across sectors. These organisations also have a broad view of company and sector needs, significant experience in policy making, dialogue with all stakeholders and are in many cases already working on these issues. This collaboration between companies and governments can lead to appropriate skills development across government, education, private sector and training providers and enable effective public-private partnerships. Annex 1 in the brief shows some examples of how such upskilling and retraining schemes and public-private partnerships have been put in place to date. Good practice examples often exist in countries where unions, employers and governments collaborate on and have agreements on vocational training schemes. |
| Social protection | Ensuring companies maintain existing social protection schemes for workers as they transition to the low-carbon economy is paramount. Skills compatibility can be high: for example, 70% of oil and gas workers have skills that overlap with those needed for low carbon jobs. Yet, there are other important barriers workers may face when transitioning. These include lower wages, lack of access to information, relocation costs and shorter-term contracts. Social protection plays an important role in addressing some of these gaps, for example by ensuring that workers that transition are protected through adequate pensions, health care and salary guarantees. |
| Public procurement | Embedding just transition considerations into public procurement opportunities can be a way to ensure that goods and services are supplied to companies that are making just transition commitments. Conditionalities can be imposed to better target companies that are seeking to operationalise the ILO just transition guidelines with steps taken to report their progress over time. Public procurement strategies that align with a just transition can also ensure that more goods and equipment are sourced from domestic supply chains. Examples of criteria for just transition procurement could include assessments of economic benefits, community engagement, skills development, and job creation as part of procurement bids. |
| Fiscal policy | Fiscal policy can not only be green but also socially just. Green fiscal policies include both fiscal incentives (tax rebates, deductions and other subsidies) and taxes (such as carbon taxes). Importantly, these fiscal policies can be designed so as to maximise fiscal benefits for companies that are showing the steps, they take to implement a just transition. For example, the revenues from green fiscal policies can be channelled for just transition purposes. These funds can also be earmarked to specific just transition projects to scale up existing company efforts. |

In particular, social partners, i.e., employers and business member organisations (EBMOS) and labour unions, are crucial partners for companies to effectively implement a just transition. The former can play an important role in providing financial, technical, and capacity building support to their members on just transition. EBMOs can also identify commonalities in the gaps that exist in implementing a just transition for their members and facilitate the connection between companies and governments. Finally, EBMOs can represent companies in structures such as national skills councils, local just transition covenants, climate commissions and provide feedback to governments while informing and preparing their members.

Similarly, the role of labour unions is critical across all the areas of relevance for a just transition. This includes supporting decent job creation (in terms of wages, contracts and occupational, health and safety risks for example), social dialogue and re-upskilling of the workforce. In addition to collective bargaining agreements, e.g., national, or global framework agreements, unions can also directly negotiate with companies to better protect worker rights and enshrine just transition principles across the company's value chain and in the different markets in which it operates.

In South Africa both labour unions and EBMOs play a critical role in supporting corporate action on just transition. COSATU for example is providing just transition guidance for coal, agriculture, and transport workers to better understand just transition negotiations. Business Unity[11] is also mobilising its members on just transition and evaluating the investment needs for low carbon solutions along with the skills needed for the transition. Despite these efforts, it is important to note that barriers to just transition implementation can be particularly acute for MSMEs which often do not have the financial, technical, and institutional capacity to implement a just transition.[12] Therefore, working with social partners and not only larger individual companies is key in leaving no-one behind.

## Just transition is increasingly integrated into disclosure requirements and businesses that enact just transition policies now will be able to deal with climate and social impacts more effectively in the future.

Voluntary and mandatory climate disclosures have until now focused more heavily on climate considerations. However, **there is an increasing shift to integrate the social dimensions of the low-carbon transition including in emerging and developing economies**. New reporting standards continue to emerge, such as the mandatory European Sustainability Reporting Standards (ESRS) and its double materiality requirement[13], the revision of the voluntary Global Reporting Initiative labour standards and the International Sustainability Standards Board (ISSB) decision to integrate just transition considerations and exploration of a forthcoming focus on human rights and human capital related standards. The Transition Plan Taskforce in the UK, which will mandate companies to develop transition plans, also included just transition among other topics such as nature and adaptation in its design process. In a Response to the Transition Plan Taskforce consultation on the TPT Disclosure Framework and Implementation Guidance, Grantham Research Institute on Climate Change and the Environment (GRI) suggests the just transition be incorporated across the key elements of climate transition plans,

[11] For further overview see the Climate Pathways project BUSA did with NBI and BCG, analysing the impacts of a just transition in South Africa including the challenges and priorities. https://www.nbi.org.za/climate-pathways-and-a-just-transition-for-south-africa/

[12] MSMEs face range of barriers in implementing a just transition including market access.
information, technical skills and p roductivity gaps and access to finance. For a better overview of just transition challenges faced by MSMEs see https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_858855.pdf

[13] A double materiality looks beyond solely financial materiality and the risks posed from a financial point of view to consider impact materiality, namely the impacts companies have on their wider environment and society.

including considerations of social risks and opportunities that the plans may generate for workers, suppliers, consumers and communities as well as participation of affected stakeholders.

Similarly, a number of taxonomies or ESG related indexes and benchmarks (including WBA's just transition assessments) are also aiming to integrate social and just transition considerations. South Africa's Treasury, for example, is considering developing a just transition taxonomy. Likewise, several ASEAN taxonomies explicitly refer to the need to integrate just transition. In Brazil an ESG Racial Equity index was also developed to measure racial imbalances at the company level based on workforce composition, average wages and the racial distribution in the region where the company operates. Some of these developments align with social considerations more broadly and are not specific to just transition per se. Likewise, the full implications and effects of such standards and measurements are still to be seen. Yet, it is noteworthy to see how such disclosure frameworks are increasingly integrating just transition criteria in their assessments and not only in the global north. While some of these efforts are at an early stage, companies that act now by better integrating just transition guidance are likely to be more resilient and prepared for upcoming changes. Companies that do not act now risk facing important challenges in the future.

## Businesses should track just transition progress to improve their level of readiness over time.

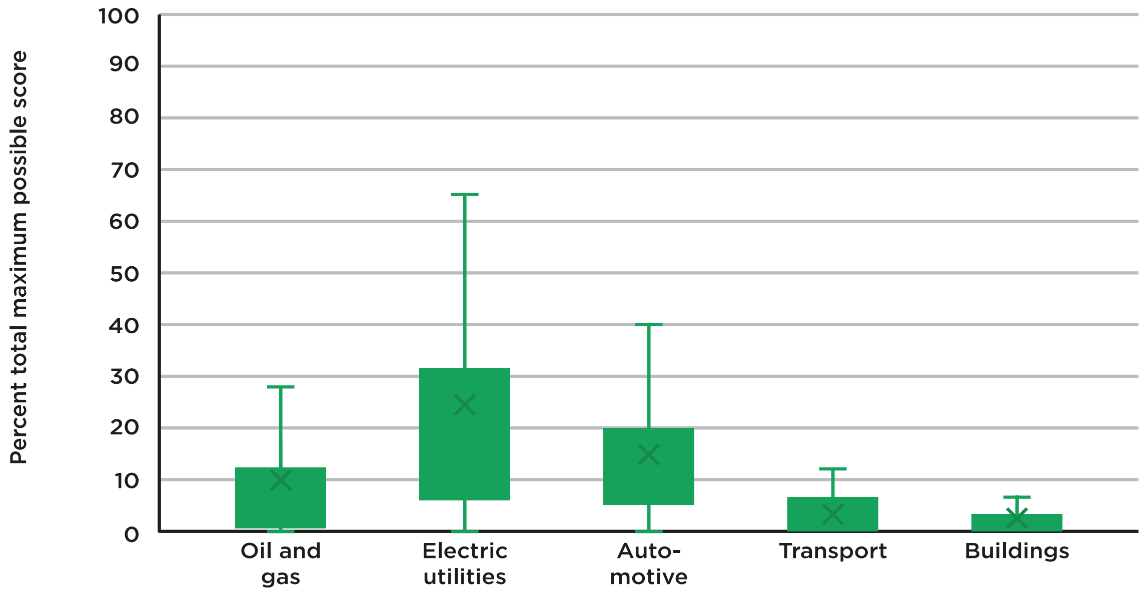
**Developing a coherent monitoring and evaluation framework that measures just transition integration is an essential step to increasing accountability amongst company efforts**. Without a tracking progress component, there is a risk that transition efforts will fail and result in stranded assets, communities, and local economies. Such a framework can also reveal the progress companies are making over time and where capacity-building efforts and finance are most needed.

A just transition business strategy should be based on established international frameworks and standards. These include the Guiding Principles on Business and Human Rights (UNGPs), International Labour Standards, the ILO Multinational Enterprises and Social Policy (MNE declaration), and the OECD Guidelines for Multinational Enterprises. The just transition also serves to bridge the environmental and social aspects of the SDGs – for example, by linking initiatives in clean energy (SDG 7) and climate change (SDG 13) with the goals of eradicating poverty (SDG 1), addressing inequalities (SDG 10), and promoting decent work (SDG 8).

Methodologies from organisations such as WBA, the Council for Inclusive Capitalism, GRI and Climate Action 100+ can further shed light on how such an accountability framework can be developed. They can also be used by companies to see how they align with just transition principles and to monitor their progress over time. For an overview of such methodologies see Annex 2. Research from WBA and the Council for Inclusive Capitalism (Council) also reveals the extent to which companies in different sectors are aligning or not with just transition principles. While 40% of the 320 companies assessed by WBA show some of the measures, they are taking for green job creation, **less than 1% are planning effectively for a just transition**. Effective just transition planning requires companies to have time-bound targets to mitigate and adapt any social impacts of the just transition on workers, affected communities, and business relationships. Understanding this gap, in 2021, the Council co-developed the Just Transition Framework for Company Action with support from companies, academic, investor, civil society, and social representatives. This framework is intended to better help companies understand the categories of actions they should explore to ensure that they undertake their respective decarbonization journeys in a fair and just way for workers, consumers, and communities.

Meaningful social dialogue with labour unions is the key part of just transition planning. However, such corporate efforts are still relatively low with 30% of companies partially enforcing it. Similarly, only 8% of the companies assessed by WBA show how the low- carbon transition will impact the social protection of their workforce, which could be one socio-economic impact of corporate action. Even though evidence from WBA shows that just transition readiness remains low, particularly in sectors where the concept of just transition is new (see figure 1), there are still noticeable examples of good practice that companies can learn from (see table 2). When assessing these good practices, it is important to note that there is no blueprint and that just transition challenges and opportunities will vary from one company to another. For example, companies that are more vertically integrated may find it easier to implement a just transition strategy across their value chain. Similarly, for companies at a later stage of their low-carbon transition, reskilling will not be as relevant, and their focus may be more on engaging with suppliers and local communities.

**Figure 1: WBA Just Transition Assessments for Companies in Multiple Sectors**




**Note:** this figure shows the percent of the maximum possible just transition scores for companies in all sectors and median percentage scores across all six just transition areas of measurement. It is also worth noting that WBA benchmarks are being regularly updated which may affect the score of companies assessed at an earlier stage.

**Table 3: Examples of good practice and how companies can integrate just transition as part of their business strategy.**

| Social dialogue and stakeholder engagement[14] | Planning for a just transition[15] | Green and decent job creation | Retaining and re-and/or upskilling | Social protection and social impact management | Advocacy for policies and regulation supporting a just transition |
|---|---|---|---|---|---|
| Actively working with social partners and local communities when transitioning workers from one industry to another **(several examples exist across companies assessed by WBA and the Council for Inclusive Capitalism)** | Working with suppliers, contractors, unions, and employees so that human rights, decent work and just transition principles are being respected across the value chain | Supporting the development of low-carbon activities which will generate local green jobs such as domestic battery manufacturing **(examples exist from EU automotive companies)** | Committing to reskill the workforce (for example direct workers affected by coal-power plant closures) | Conducting social and human rights impacts assessments across the value chain for the implementation of low-carbon projects (including impacts on local communities when installing renewable energy, responsible sourcing of minerals etc) | Collaborating with national and local authorities in the implementation of just transition plans and legislation **(some examples from oil and gas companies)** |
| Creating citizens' platforms as a means of promoting social dialogue and stakeholder engagement **(examples exist from some energy utilities in Spain)** | Setting targets and tracking progress against the company's just transition strategy **(examples exist from some energy utilities in Scotland)** | Ensuring green transformation plans are tailored to regions affected by labour shifts linked to the low carbon transition **(examples from some electric utility companies such as in Spain)** | Developing programs for the low-carbon economy such as for e-mobility with support for workers without a formal qualification. **(Examples exist for some automotive companies)** | Supporting communities in their transition through community benefit funds and social programs at the local level. Considering the economic needs of local communities **(examples exist for different energy utility companies)** | Openly advocating for progressive climate policies (such as updated emission vehicle standards or electric vehicle programs for car manufacturers) and for a just transition (**some examples from automotive companies)** |
| Disclosing stakeholders, the company engages with including local work councils, trade unions and the share of collective bargaining agreements in place for employees throughout the value chain **(examples exist from automotive companies in the EU and US)** | Devising a just transition strategy that is wide-ranging and encompasses various aspects such as green job creation, worker support, domestic supply chain support, community engagement, consumer fairness, policy advocacy, and transparency **(examples exist from some energy utilities in Scotland)** | Putting targets in place to increase inclusiveness and gender diversity at the management level including for workers with disabilities **(examples exist from some EU automotive companies)** | Offering educational programs and developing several types of training courses, workshops and qualification programs to support workers and affected stakeholders in the transition | Abiding by fair tax fundamentals and using a framework (for example a social investment framework) to understand how company investments align with just transition (**examples exist from some oil and gas and automotive companies)** | Ensuring trade association memberships is not at odds with climate policy and just transition. Engaging various stakeholders (unions, civil society, academia) in the process |

[14] This should include workplace cooperation but also the existence of bipartite and tripartite social dialogue mechanisms.
[15] According to WBA's just transition methodology, just transition planning should also be based on social dialogue.

| | | | | | |
|---|---|---|---|---|---|
| | | Conducting an assessment of employment dislocation risks | Conducting an assessment to identify skills gaps for the low-carbon transition, considering the local and regional labour market, workforce categories, existing education, skill sets, and preferences | Disclosing measurable targets for mitigating social impacts on workers, communities and other affected stakeholders | Developing an action plan to rectify any misalignment in the company's lobbying with the principles of a just transition |
| | | | Collaborating with training centres and university partners to support upskilling and reskilling for women and vulnerable groups in the transition **(examples exist from some oil and gas companies)** | Providing an extension of social benefits to workers during periods of economic downturn **(examples exist from some oil and gas companies)** | |
| | | | | Providing health and well-being support as well as training in financial planning for workers | |
| | | | | Proposing early retirement scheme for workers (**examples exist for different companies**) | |

# Recommendations

1. **Companies should embed just transition accountability within their wider climate strategy.**

   While several companies have dedicated sustainability or even ESG teams or incorporated the climate dimension into their wider business plans, just transition planning currently remains a blind spot for most. Companies should establish a social dialogue mechanism and start by defining who within the company is responsible for implementing a just transition and how to incorporate it as part of the company's long-term objectives and priorities. Furthermore, implementation strategies should include requirements on how companies consider just transition factors within their products and services and address risks of harm to key stakeholder groups. The methodologies and tools highlighted in this brief can be used as first steps to increase accountability and monitor company level action on just transition.

2. **Companies should ensure their just transition strategies are based on social dialogue, collective bargaining agreements, decent work, labour rights and employment opportunities and challenges in multiple sectors.**

   The level of corporate just transition readiness is highest for energy utilities. Yet, just transition efforts are not energy-specific, and should be extended to all sectors such as agriculture, transport, and construction. While efforts in other sectors are rising, evidence from WBA's research shows that just transition planning from companies in sectors such as transport and buildings is currently non-existent. As such, all companies should consider the social dimension of their decarbonization plans, regardless of their sector, product, or service offering.

3. **Through regulation and an enabling policy environment, governments can strengthen the understanding of just transition principles and what just transition planning means for companies.**

   Governments have a key role to play in enacting just transition related regulation and supporting a wider enabling environment for corporate just transition action. While there is no blueprint, enabling policies can include sector level targets and incentives in NDCs and LTS, integrating just transition in green fiscal policy and as part of public procurement. These enabling policies can also include developing tailored just transition incentives for different types of companies, working to bridge the green skills gap and supporting wider public-private partnerships on just transition. Trade unions and EBMOs are further crucial allies for companies in addressing worker and private sector concerns.

# Annexes

## Annex 1

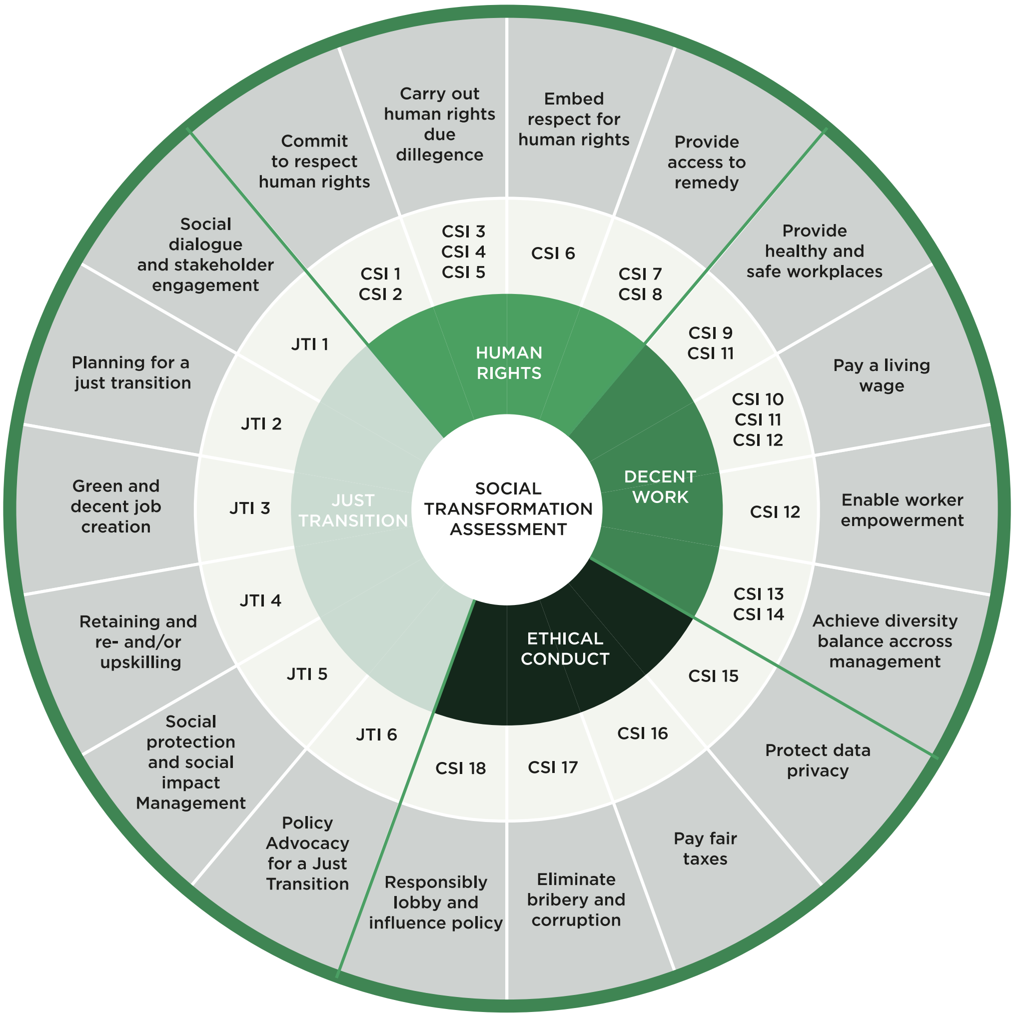
**Examples of public private partnerships to support company action on just transition**[16]

| Country | Sector | Enabling policies for companies |
|---|---|---|
| Spain | **Energy (coal)** | A core element of Spain's 2019 just transition strategy includes a strong focus on public-private partnerships. In some regions affected by coal power plant closures, additional loans are available for companies that create and maintain employment. Companies must also develop climate action plans with emission reduction strategies every five years. |
| Philippines | **Cross-sectoral** | Through its 2016 Green Jobs Act, the Philippines put an important focus on just transition and enterprise development and skills. In practice this means several financial incentives were made available to businesses, in particular MSMEs to create green jobs, new training, and adopt clean technologies. While the pandemic has somewhat slowed the momentum of the law, the Climate Change Commission is expected to release by the end of 2023 new standards for green job creation. |
| United States | **Cross-sectoral** | As part of its Inflation Reduction Act (IRA), the United States provided close to USD 400 billion in clean energy incentives to companies, many of which are conditional on just transition principles. These include for example requirements for companies to pay prevailing wages, use registered apprenticeship programs and the establishment of projects in communities previously dependent on fossil fuels. |
| India | **Energy (coal)** | In India, public-private sector collaboration and the Skills Council for Green Jobs play a crucial role in spurring green job creation and supporting training and certification programs for various clean energy solutions. |
| United Kingdom | **Energy (oil and gas)** | Companies, workers and the government collaborated with each other to develop an Energy Skills Passport which will be released in late 2023. This passport can play an important role to assist offshore oil and gas workers in acquiring transferable skills to find work in the offshore renewables sector. |
| Australia | **Transport (automotive)** | With the closure of its car manufacturing industry in 2017, companies affected were supported through transition centres at previous manufacturing facilities. This helped companies in providing career guidance and retraining for deployment of former employees. |

[16] It is worth noting that these examples are by no means exhaustive, nor do they represent a blueprint of how other companies should collaborate to implement a just transition.

## Annex 2

### WBA Just Transition and Core Social Indicators[17]




**Source :** https://www.worldbenchmarkingalliance.org/research/2021-just-transition-assessment/

[17] WBA's just transition assessment is now systematically integrated in all its climate and energy benchmarks. WBA assesses just transition commitments from companies based on six areas of measurement: social dialogue and stakeholder engagement, planning for a just transition, green and decent job creation, retaining and re-and/or upskilling, social protection and social impact management, and advocacy for policies and regulation supporting a just transition. WBA also developed a number of core social indicators to show how companies are aligning with human rights, decent work and ethical conduct principles. For further information on WBA's just transition methodology and these indicators see: https://www.worldbenchmarkingalliance.org/just-transition/

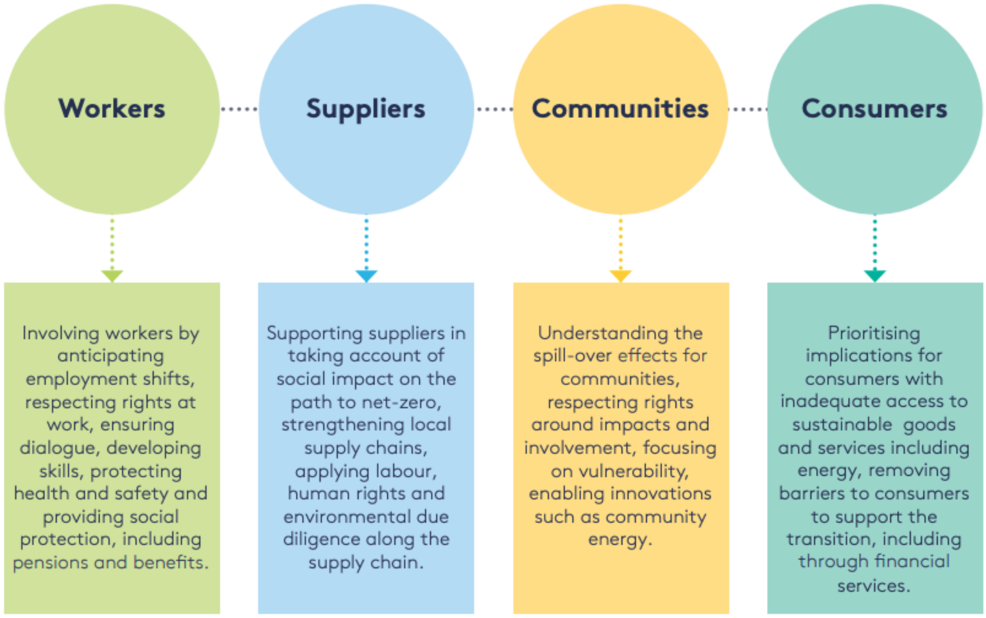
**Council for Inclusive Capitalism Just Transition Framework for Company Action**[18]

| | UNIVERSAL NET-ZERO ENERGY | WORKFORCE EVOLUTION | COMMUNITY RESILIENCE | COLLABORATION & TRANSPARENCY |
|---|---|---|---|---|
| FOUR PILLARS | How to support universal access to energy and a net-zero emissions world | How to ensure that the journey for the company's workers is just | How to ensure that the journey for communities affected directly and indirectly by the company's transition is just | How to bring everyone on the journey and support the just transition of other organizations |
| TWO LEVELS | CORE PRACTICES<br>What are the foundational ESG actions that companies could extend to a just transition context?<br><br>JUST TRANSITION SPECIFIC PRACTICES<br>What are ambitious actions that a company could take to support a just transition? | | | |
| CORE PRACTICES | • Pursue an ambitious timeline to carbon neutrality targets<br>• Work toward universal energy access | • Adhere to core labor and safety standards<br>• Promote diversity, economic inclusion, and equal access to opportunities | • Preserve biodiversity and regenerate infrastructure<br>• Support local development initiatives for communities dependent on assets | • Ensure social dialogue with workers<br>• Engage stakeholders in decision making |
| JUST TRANSITION SPECIFIC PRACTICES | • Advocate for policies and investments that support just transition<br>• Strive for consumer fairness, pre-empting or mitigating adverse impacts and sharing benefits<br>• Develop a responsible strategy for converting, retiring, or sale of assets | • Create decent jobs through low-emissions infrastructure<br>• Commit to retain, retrain, and redeploy workers<br>• Design innovative social protection measures to combat adverse impacts of low-carbon policy | • Engage and support suppliers in their just transition path<br>• Nurture competitive, local supply chains<br>• Work with educational institutions to bridge anticipated skill gaps | • Develop a time-bound just transition plan and disclose progress against it<br>• Partner across sectors to scale new ventures with sustainable employment opportunities<br>• Share knowledge and best practices with industry peers and other organizations |

**Source :** https://inclusivecapitalism.com/wp-content/uploads/2023/05/JustTransitionFrameworkForCompanyAction_2May2023_v2.1.pdf

[18] In 2021, the Council for Inclusive Capitalism, Boston Consulting Group (BCG), seven energy and energy-intensive companies (ACEN, Anglo America, bp, Eni, Reliance, Repsol and SSE), and six academic, investor, civil society and social representatives (CalPERS, Grantham Research Institute, Inclusive Capital Partners, International Trade Union Confederation, State Street and the UN Special Envoy for Climate Action and Finance) co-developed the Just Transition Framework for Company Action. The Framework's areas of action map to Climate Action 100+'s Net-zero Benchmark Just Transition indicator and the World Benchmarking Alliance's Just Transition methodology. An accompanying website houses just transition company commitments to action and further resources and case studies. https://www.inclusivecapitalism.com/just-energy-transition-home/

**Components of the just transition using GRI framework[19]**




**Source :** https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2021/07/From-the-Grand-to-the-Granular_translating-just-transition-ambitions-into-investor-action.pdf

[19] The LSE has developed a specific framework of expectations of businesses on the just transition, that includes four main components: workers, suppliers, communities and consumers, which also should be supported by policy and partnerships and transparent disclosures (From the Grand to the Granular). These considerations apply not only to the employees of a company but also to its supply chain. The ILO guidelines emphasise the significance of consulting all impacted stakeholders, including indigenous and tribal peoples, youth, and women, in the context of achieving net zero emissions.

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