



Just Transition Methodology

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Introduction

Benchmarking for a better world

Founded in 2018, the World Benchmarking Alliance (WBA) is a non-profit organisation dedicated to holding the world's most influential companies accountable for advancing the United Nations' Sustainable Development Goals (SDGs). In 2021, WBA conducted an initial pilot just transition assessment, evaluating 180 companies across the oil and gas, electric utilities and automotive manufacturing sectors. In 2022, we expanded the effort, embedding just transition indicators into all our Climate and Energy Benchmarks and have since assessed 450 of the world's most influential high-emitting companies on their alignment with the Paris Agreement goals and a just transition. The results have been clear: there is a systemic lack of the necessary commitments and actions crucial to ensuring a just transition. For example, only 14 of the 450 companies assessed scored at least half of the available points on their contributions to a just transition.

In 2025, WBA will focus on measuring the impact of the 2,000 most influential companies globally, referred to as [the SDG2000](#). These companies have the greatest potential to shape the systems in which they operate, including food, energy, housing, digital, transportation and finance – see WBA's approach to the [seven system transformations](#). The updated version of WBA's just transition methodology will be used to assess how the 2,000 companies integrate **social equity and inclusivity** into their transition plans, to ensure they align with the Paris Agreement goal of limiting global warming to 1.5°C, while remaining inclusive, equitable and just.

To this end, WBA will assess all the SDG2000 companies on their decarbonisation efforts using the just transition assessment alongside the ACT core methodology and core social indicators. Together, these assessments will provide holistic insights into the credibility of company efforts towards a more sustainable world, which not only includes the transition to a low-carbon economy, but also the essential expectations for a more equal and inclusive world.

What is a just transition?

Rooted in the US labour union movement of the 1970s, the concept of a just transition emerged to balance industrial change, environmental protection and workers' rights. Over time, it expanded beyond environmental justice to a broader climate agenda, driven by organisations such as the International Labour Organization (ILO), United Nations Development Programme (UNDP) and United Nations Framework Convention on Climate Change (UNFCCC). The concept gained traction in global climate governance, making its way into the preamble of the 2015 Paris Agreement, where it underscored "the creation of decent work and quality jobs," reinforcing its labour-focused roots. While the concept remains complex and continues to evolve, just transition is widely recognised as the policy term referring to a transition to low-carbon and resilient economies in a way that is fair and inclusive and leaves no one behind. By COP27, just transition had evolved into a standalone agenda, officially expanded in scope beyond workforce concerns to encompass energy, socioeconomic factors and other critical dimensions.

Reflecting this changing perspective, WBA has embraced the concept of 'just sustainability transition,' which aligns with the broader, evolving landscape of sustainable growth while mitigating socioeconomic risks. By setting higher standards, WBA intends to strengthen corporate accountability and drive companies towards real progress on the SDGs.



The just transition assessment

Methodology update process

This methodology is an update to the [original 2021 edition](#) and serves the goal of assessing all SDG2000 companies on their contributions to a just transition. For this purpose, the methodology has been shortened and sharpened to focus on indicators and elements applicable across all sectors and fundamental to a just transition. The changes are primarily based on insights from past just transition assessments. The expertise and knowledge of our analysts on how the topic is portrayed in company reporting was the starting point for determining changes. We held internal consultations within WBA to discuss the suggested changes and understand the impact they may have on the experience and work of different teams.

Following this internal consultation, a draft of the proposed edits to the methodology was shared for consultation with a targeted group of seven allies, collaborators and members of the WBA Just Transition Working Group. The allies were selected given their relevant background on the just transition and contacted for feedback on the proposed changes. This included the proposed focus on just sustainability transitions, the removal of indicators 5 and 6, as well as suggested reformulation of several elements. Experts at four of the contacted organisations returned feedback, the ILO, Shift, The B Team and BSR. Their feedback primarily reflected questions which had already been raised internally during the development process and was taken into consideration in the review process.

The most notable change is the removal of indicators 5 and 6 from the previous methodology. These indicators covered the fundamentals of social protection and social impact management, as well as advocacy for policies and regulations relating to a just transition. Core social indicator 18 covers responsible lobbying and political engagement, and some of the impact from the previous indicator 6 can be understood from there. Although the topics covered by these indicators remain crucial for a truly just transition, they have been excluded from the updated methodology to facilitate assessments at a greater scale across a wider variety of sectors. Additionally, some elements from previous indicators 3 and 4 on educational and job creation efforts have been removed, primarily because company disclosures on these topics were found to be misaligned with the intended impact of the elements.



Overview of changes per indicator

| Original indicator topic, shortened | Main removals and edits | Additional comments |
|---|---|--|
| JTI1: Social dialogue and stakeholder engagement | Reformulated elements to capture just transition beyond decarbonization | |
| JTI2: Just transition planning | Reformulated elements to capture just transition beyond decarbonisation | Element 2a can now also be met by showing that the just transition planning process is informed by the impacts of the company's own decarbonisation plan or sustainability strategy. |
| JTI3: Green and decent job creation | Removal of elements 3c and 3d, merge with indicator 4 | These indicators were merged as the two processes are deeply linked. An element on share of employees made redundant annually was added. |
| JTI4: Re- and up-skilling | Removal of elements 4c and 4d, merge with indicator 3 | |
| JTI5: Social protection and social impact management | Indicator removed | |
| JTI6: Advocacy for policies and regulation | Indicator removed | |

Scope of assessment

To enable assessment of a wider range of sectors, beyond high-emitting ones, the updated methodology focuses on just sustainability transitions, rather than simply low-carbon transitions. The low-carbon transition is a type of sustainability transition, but beyond that, a sustainability transition is defined by direction and intention, i.e. moving towards a more sustainable future while actively stepping away from business as usual. While sustainability is an ambiguous and contested concept, our defined scope includes decarbonisation and energy transformation, material use and recycling, water management and biodiversity protection. Meanwhile, societal shifts such as automation and digitisation which are not primarily driven by climate or environmental action, though no less important, fall outside the defined boundaries. As part of this overall expansion in scope, many elements have been re-worded to include the wider understanding of just sustainability transitions.

To help contextualize what direction and intention means in sustainability transitions, an example would be when transitioning towards regenerative agriculture. Activities such as introducing measures to improve soil health or introducing alternatives that help minimise pesticide use, this falls within the sustainability transitions scope, as these are actions that move towards a more sustainable future, while actively stepping away from business as usual. Similarly, in the built environment if a property developer would introduce novel cooling solutions rather than air-conditioning in a setting where it is expected, this could be understood similarly as actions that come with a direction towards sustainability and intention as a step away from business as usual. These examples also highlight how

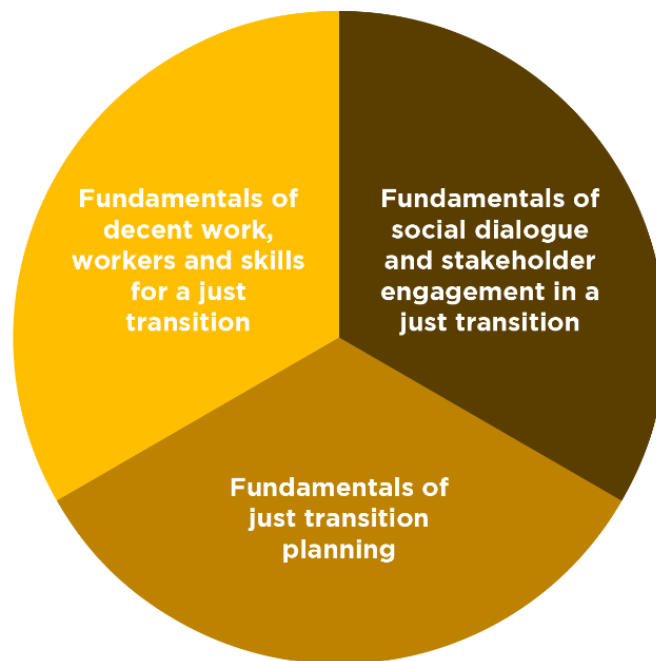


the concept of sustainability transitions is context dependent. For it to be a transition, it needs to be a step away from the status quo, towards more sustainable practices. This does allow the concept to be applied in a range of settings, without a pre-determined notion of what practices are sustainable or unsustainable, it is the change towards sustainability that matters. These sustainability transitions can come together with a just process to guide the changes, such as participatory processes to set the roll-out of changes, and active efforts to retain and re-educate the workforce, in which case they can be seen as part of a just transition.

The updated methodology

Format

The next section details each of the three new just transition indicators (JTI 01-03). Each JTI follows a set format: the indicator text, rationale, elements, SDGs that the indicator directly contributes to and sources used to develop the indicator.



Scoring and weighting

Each indicator is divided into multiple elements that are individually scored. Companies receive a score based on whether an element is 'met' or 'unmet'. Each indicator is worth a total of 4 points. Further, all elements within an indicator are equally weighted. Indicators 1 and 2 each have four elements, which means that each element under these indicators is worth one point if met (and zero if unmet). Indicator 3 has five elements, which means that each element under this indicator is worth 0.8 points. The score achieved by companies for each indicator is calculated as the sum of the scores of all the individual elements for that indicator. As such, companies can score a maximum of 12 points. Unlike the previous methodology, there are no indicators that are conditional on company performance on the core social indicators (CSIs).



Types of evidence

As with all WBA benchmarks, the just transition assessment is based on publicly available information. This can include information found on company websites, formal financial and non-financial reporting and other public documents, such as codes of conducts, policies and guidelines.

Timeframe

Generally, any information considered in the assessment should be published within the two years prior to the assessment. However, policies, agreements and equivalent documents do not have a time limit, as long as it is clear that they are valid at the time of the assessment.

Terminology and definitions

All terms and definitions are listed in the [WBA Glossary](#).

Notes on applicability

This methodology has been designed to consider the impacts of companies' own operations, their own employees and their supply chains in relation to a just transition. Companies whose main impacts towards a just transition are not in their own operations, such as financial institutions, will however also be assessed using this methodology. This assessment does not consider their activities as financial institutions, and their support for just transition finance, which is covered in WBA's [Financial System Benchmark](#). The priority for the just transition assessment is to remain sector agnostic, even as we recognise that the topics covered by the indicators are more urgent in some sectors. As such, we advise caution when comparing company performance across different sectors.



Overview of indicators and their element

| Indicator | JT101 Fundamentals of social dialogue and stakeholder engagement in a just transition | JT102 Fundamentals of just transition planning | JT103 Fundamentals of decent work, workers and skills for a just transition |
|-----------|--|--|---|
| Element | <p>a) The company has a public commitment to engage in social dialogue with appropriate parties for bipartite or tripartite negotiations, including workers, unions or equivalent worker bodies (where the right to freedom of association and collective bargaining is restricted under law).</p> <p>b) The company discloses the categories of stakeholders it engages with on a just transition and how they are identified (at a minimum including workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law, and other affected stakeholders).</p> <p>c) The company discloses the steps it takes to engage with stakeholders (at a minimum including workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law, and affected stakeholders) as part of its approach to supporting a just transition.</p> <p>d) The company demonstrates social dialogue and meaningful engagement with stakeholders (at a minimum including workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law, and affected stakeholders) on a just transition.</p> | <p>a) The company demonstrates how it engages in social dialogue and with stakeholders in the development of its just transition planning. OR The company demonstrates how its just transition planning relates to social impacts arising from its decarbonisation plan or sustainability strategy.</p> <p>b) The company has time-bound, measurable indicators to mitigate the impacts of its sustainability transition on workers.</p> <p>c) The company has time-bound, measurable indicators to mitigate the impacts of its sustainability transition on affected stakeholders, including vulnerable groups.</p> <p>d) The company has time-bound, measurable indicators to mitigate the impacts of its sustainability transition on its business relationships.</p> | <p>a) The company has a public commitment to creating or supporting access to decent jobs as part of a sustainability transition.</p> <p>b) The company has a public commitment to reskill and/or upskill workers that are displaced by a sustainability transition.</p> <p>c) The company discloses its processes for identifying skills gaps for workers and affected stakeholders in the context of the company's decarbonisation plan or sustainability strategy.</p> <p>d) The company assesses and discloses the impacts of its sustainability transition plans on workers and affected stakeholders.</p> <p>e) The company reports the proportion of its workforce that is made redundant annually.</p> |



Indicators

JTI 01: Fundamentals of social dialogue and stakeholder engagement in a just transition

Rationale:

As one of the ILO's four pillars of decent work, social dialogue should guarantee the effective participation of workers, unions or equivalent worker bodies in meaningful negotiation so that they have the opportunity to influence decisions and outcomes. Companies should engage in continuous social dialogue with these groups and, where necessary, with governments, to explore climate-related risks and opportunities and anticipate the impacts of the transition on workers and communities.

Companies are expected to be transparent and inclusive of diverse racial, ethnic, gender and socioeconomic backgrounds to prevent exclusion of marginalised groups. By fostering continuous social dialogue and inclusive stakeholder engagement, companies can make more equitable decisions that not only mitigate risks but are essential for long-term success.

Elements:

- a) The company has a public commitment to engage in social dialogue with appropriate parties for bipartite or tripartite negotiations, including workers, unions or equivalent worker bodies (where the right to freedom of association and collective bargaining is restricted under law).
- b) The company discloses the categories of stakeholders it engages with on a just transition and how they are identified (at a minimum including workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law, and other affected stakeholders).
- c) The company discloses the steps it takes to engage with stakeholders (at a minimum including workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law, and affected stakeholders) as part of its approach to supporting a just transition.
- d) The company demonstrates social dialogue and meaningful engagement with stakeholders (at a minimum including workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law, and affected stakeholders) on a just transition.

Contribution to SDGs:

17.17

Sources:

GRI 2-29 (2021); IHRB (2020); ILO (1998); ILO (2015); Just Transition Centre and The B Team (2018); LSE Grantham Research Institute and the Initiative on Responsible Investment (2018); OHCHR (2020); SEI (2020)



JTI 02: Fundamentals of just transition planning

Rationale:

Effective planning ensures accountability in ensuring a just transition. Companies should base their just transition plans on commitments towards ensuring human rights, decent work and reducing inequalities, with a focus on vulnerable groups. Through ongoing social dialogue (see indicator 1), companies should make robust, measurable and evidence-based plans covering all business activities, with short- and long-term goals aligned with broader climate actions. Companies should also require their business partners to mitigate social impacts of the transition on workers and communities.

Elements:

- a) The company demonstrates how it engages in social dialogue and with stakeholders in the development of its just transition planning.

OR

The company demonstrates how its just transition planning relates to social impacts arising from its decarbonisation plan or sustainability strategy.

- b) The company has time-bound, measurable indicators to mitigate the impacts of its sustainability transition on workers.
- c) The company has time-bound, measurable indicators to mitigate the impacts of its sustainability transition on affected stakeholders, including vulnerable groups.
- d) The company has time-bound, measurable indicators to mitigate the impacts of its sustainability transition on its business relationships.

Contribution to SDGs:

8.3, 10.2, 10.3, 13.2, 13.3

Sources:

Climate Action 100+ (2024); GRI (2021); Just Transition Centre and the B Team (2018); UNFCCC (2020); WWF (2021)



JTI 03: Fundamentals of decent work, workers and skills for a just transition

Rationale:

A sustainability transition will likely require a change in the nature of work. Companies should ensure that they have the skills they need to continue their sustainability transition and not be held back by skills gaps. Companies also need to minimise the impact of the transition by creating and providing or supporting access to new green and decent jobs. Creating decent jobs on the journey to a more sustainable future and ensuring that the needed skills are in place are intertwined processes, which require companies to plan, understand the contexts they work in and make the best possible use of local circumstances. Where possible, companies should retain and re-educate their workers to take them along in the sustainability transition.

Elements:

- a) The company has a public commitment to creating or supporting access to decent jobs as part of a sustainability transition.
- b) The company has a public commitment to reskill and/or upskill workers that are displaced by a sustainability transition.
- c) The company discloses its processes for identifying skills gaps for workers and affected stakeholders in the context of its decarbonisation plan or sustainability strategy.
- d) The company assesses and discloses the impacts of its sustainability transition plans on workers and affected stakeholders.
- e) The company reports the proportion of its workforce that is made redundant annually.

Contribution to SDGs:

3, 4.4, 10.4

Sources:

BSR and We Mean Business, (2018); ILO (2016); (2018); (2019a); (2019b); Just Transition Centre and The B Team (2018); LSE Grantham Research Institute and the Initiative on Responsible Investment (2018); UNFCCC (2020).





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