

# The Just Transition Planning Process for Business



A Toolkit to Drive Social Dialogue and  
Stakeholder Engagement Toward  
a Just, Equitable and Inclusive Transition

# Foreword

## Acknowledgments

The following guidance was developed by BSR, a sustainable business network and consultancy focused on creating a world in which all people can thrive on a healthy planet. The perspectives expressed solely reflect the views of BSR and the authors, and have been informed by insights and discussions fostered during the first year of the [Energy for a Just Transition](#) collaboration.

Energy for a Just Transition is a business-led collaborative initiative facilitated by BSR, in partnership with The B Team, that brings companies and stakeholders together to help energy, utilities, and related companies to better plan for and implement a just, fair, and inclusive transition from a carbon-intensive economy to a net-zero economy by 2050.

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## Intended Audience

This guidance aims to provide an overall process for companies to begin thinking about and developing their efforts on the just transition within their company and value chain at a corporate level. It is tailored toward the energy and utilities sectors, although learnings could apply to other sectors and company types. The guidance is informed by insights from the Energy for a Just Transition collaboration and BSR and The B Team's engagement with companies. BSR and The B Team encourage companies across the energy and utilities sectors to employ this process in their just transition planning efforts.

*This guidance contains preliminary research, findings, recommendations, and tools for just transition planning. It aims to stimulate timely discussion and critical feedback and to influence ongoing discourse on the just transition. The content may be revised as the context and topic develop and as company action on the just transition advances and stakeholder expectations evolve.*

## How to use this report

This report provides a 5-step process for developing a robust just transition plan, including:



Worksheets to fill in, that can further inform knowledge gathering, discussions and approaches.











Reference documents that provide high-level recommended actions as well as supporting resources and tools.

For more information or any questions on the Just Transition Planning Process, please [contact BSR](#).

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# Introduction

## What Is a Just Transition?

The concept of a just transition emerged in the 1980s by North American labor and environmental groups that recognized the need to support workers in industries that were being phased out and advocate for public policies that protect the natural environment.<sup>1</sup> The concept was further elaborated in the International Labour Organization (ILO) Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All.<sup>2</sup> In 2015, the Paris Agreement, the international treaty on climate change, adopted the concept, recognizing that managing risks and opportunities generated by climate change and the transition to a net-zero economy on the workforce and society at large will be essential.<sup>3</sup> That same year, the ILO defined a “just transition” as “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 maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any challenges—including through effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights.”<sup>4</sup> It is also high on the recent political agenda and is featured prominently in the international outcome of COP27.<sup>5</sup> Expectations of company action are rising rapidly, with investors in particular applying pressure on companies to develop just transition plans.<sup>6</sup>

A just transition is both an **outcome**, which refers to an inclusive green future that maximizes economic and social opportunities for workers and communities throughout the energy transition, and a **process** through which there is engagement and partnership with those who are most impacted by the transition, namely workers and communities.



While the concept continues to increase in significance, there is a wide spectrum of interpretations. Workers, communities, governments, businesses, and other stakeholder groups across geographies hold varying perspectives, and maintain different expectations, aims, and visions of a just transition. These groups define a just transition within the context of their own priorities, perspectives, and impacts, which results in several distinct framings of the term as well as desired action. Nonetheless, a common understanding of a just transition is the need to integrate a stronger focus on the impacts on people, and their human rights, as we move toward a net-zero economy, and that

## Social Dialogue and Stakeholder Engagement

While social dialogue and stakeholder engagement are often emphasized together as an important foundation for just transition efforts, the two concepts have different implications. According to the UN High Commissioner for Human Rights, stakeholder engagement is “an ongoing process of interaction and dialogue between an enterprise and its potentially affected stakeholders that enables the enterprise to hear, understand, and respond to their interests and concerns, including through collaborative approaches.”<sup>7</sup> Social dialogue, however, refers to the process of negotiation, consultation, or sharing of information between, or among, workers and management (or trade unions and employers’ organizations), which is called bipartite negotiations. It can also include government representatives, in which case it is called tripartite negotiations. Social dialogue processes can be informal or institutionalized and are often a combination of the two. The objective is to facilitate consultation and consensus building, and the negotiations generally lead to binding outcomes such as laws, regulations, collective bargaining agreements, or investment plans.<sup>8</sup>

affected people are essential to engage and involve in the decision-making processes and implementation of these efforts. This emphasizes the criticality of robust social dialogue and stakeholder engagement as foundational to effective just transition planning.

## Why Is a Just Transition Crucial for the Energy and Utilities Sectors?

The importance of a just transition for the energy and utilities sectors cannot be overstated. The sector’s collective ability to avoid the most catastrophic impacts of climate change depends on companies making drastic changes to their business models, in the case of those transitioning away from fossil fuels, and a dramatic shift toward a green economy, fueled by clean energy. This cannot be done without taking into account the impact these changes will have on people and society. This massive shift will not be possible without clear and decisive action from companies. If these changes are seen as causing significant human impact, they will not succeed to the detriment of life on this planet. At the same time, companies cannot use the complexities of a just transition as an excuse for not transitioning. They must navigate the challenges presented and adeptly manage the trade-offs at speed to avoid the most devastating impacts of climate change.

Ensuring a just transition in the energy and utilities sectors and their entire value chains is not just important for these sectors. Many other sectors and society at large are greatly dependent on these companies getting the transition right.

What is clear from BSR and The B Team’s work with the Energy for a Just Transition collaboration is that companies need a supportive environment in order to make these changes. They cannot do it alone. They need fit-for-purpose government policies and regulation and a shift in incentive structures that values and rewards climate mitigation,

ecological restoration, and respect for human rights, as well as enables more inclusive and equitable growth models. Many companies and their respective industry associations have long fought for policies that are counter to recognizing and addressing the climate crisis and ensuring a just transition. This must stop. Companies need to support the creation of a level playing field and governments need to establish an enabling policy environment. This is not just the right thing to do—society’s very existence may depend on it.

It is imperative that companies commit to net zero and fulfill climate goals that are aligned with the Paris Agreement. Backsliding on climate commitments for the sake of short-term financial gains will have deep and lasting negative impacts. Now is the time to take concrete action to ensure the energy transition happens quickly and in a manner that is just, fair, and inclusive. Without a concrete plan and a commitment to stay the course, this transition will not happen, and it certainly will not be just.

Given the importance of these sectors, energy, utilities, and related companies are facing increasing pressure and expectations from external stakeholders to take more concrete climate action and ensure a just transition. While the external pressure increases, the energy and utilities sectors are struggling to navigate how to best support a just transition and its implications for workers, communities, other stakeholders, as well as society at large.

## What Is the Current State of Play on Just Transition for the Energy and Utilities Sectors?

In 2021, as part of their work to assess and incentivize companies to contribute to transforming the energy system and decarbonizing the global economy, the World Benchmarking Alliance (WBA) conducted its inaugural pilot [Just Transition Assessment](#). WBA’s assessment, which covered 180 companies across three sectors (100 oil and gas companies, 50 electric utilities, and 30 automotive manufacturers), revealed key common challenges for the energy and utilities sectors. It found that the vast majority of high-emitting companies are failing to demonstrate efforts toward a just transition, showing a striking and systemic lack of action by companies to identify, prepare for, and mitigate the social impacts of their net-zero strategies. Only nine of the 180 companies assessed scored above 50 percent on their current performance across six just transition indicators. This puts an estimated 11 million workers directly employed by these companies at risk of job and income loss and jeopardizes the ability to meet climate targets needed to avoid the worst impacts of climate change.

Addressing social impacts as part of a just transition can require difficult trade-offs for energy and utilities companies trying to navigate the transition to a net-zero economy. For example, navigating concerns related to the urgency and speed to reach net zero while simultaneously understanding the impacts on workers and other stakeholders, mitigating adverse impacts, and realizing opportunities can be challenging. This complicates internal processes, decision-making, and prioritization of just transition action, which poses significant challenges to formulating a just transition plan for companies.

Companies need to consider the vast amount of resources required, both financial and human, and allocate adequate resources to support



just transition efforts across the company and in the communities where they are present. Recognizing the challenging nature of this work for energy and utilities companies, it is essential that companies address these trade-offs, and that the commitment to advancing a just transition is reflected in the choices companies make for the future.

This guidance recommends steps to take to better understand the implications of contributing to a just transition, how to navigate the process of formulating a just transition plan, and associated actions that can be taken.

## What Is Just Transition Planning?

Just transition planning for business is the company's approach and strategy to transition to a net-zero economy in a manner that is just and human-centered. A just transition plan specifies a company's priorities, as well as the ambition level across all aspects of the just transition in relation to its activities and business model. The plan also establishes objectives, actions, and key performance indicators (KPIs) for just transition activities, and thereby how the company aims to contribute to a just transition. Establishing an internal governance structure for just transition and ensuring that senior leadership and the board are engaged from the beginning is essential to the process of just transition planning to secure resources and buy-in for developing and implementing the plan.

Comprehensive social dialogue and stakeholder engagement will enhance understanding of the perspectives and priorities of workers, their unions and representatives, affected communities, local and national governments, and other stakeholders that are foundational to the process of designing a just transition plan. Engaging these groups is critically important to properly consider the challenges that arise from immense transformation and necessary to co-create solutions that

put people at the heart of the energy transition and ensure that human rights are respected.<sup>9</sup>

WBA, in partnership and consultation with 20 other organizations, including the ILO and social partners, has developed a methodology to assess corporate efforts on the just transition.<sup>10</sup> This methodology includes just transition planning and is seen as a robust framework to assess company action. The methodology, which includes six indicators for the assessment, comprises a clear framework for companies to understand important elements and aspects that are relevant to a just transition.

Just transition planning is one of the six indicators that WBA assesses when evaluating companies' just transition efforts and disclosures. Specifically, the just transition planning indicator emphasizes the following elements:

1. Just transition planning is founded on company commitments to respect human rights, protect and promote decent work, and address impacts on workers and communities resulting from the net-zero transition.
2. Social dialogue and stakeholder engagement, and more specifically how companies integrate this engagement in the development of just transition planning.
3. KPIs or metrics, or specifically "a set of time-bound, measurable indicators to mitigate the social impacts of the low-carbon transition"<sup>11</sup> on workers, other affected stakeholders, and the company's business relationships.
4. Governance and that "responsibility for the just transition should lie at the highest level of decision-making within the company structure (e.g., at board level), and the individual or committee with responsibility for it should have expertise on just transition issues."<sup>12</sup>

Climate Action 100+ (CA100+), the world's largest investor engagement initiative on climate, has developed the Climate Action 100+ Net Zero Company Benchmark,<sup>13</sup> which defines 11 key indicators of success for business alignment with a net-zero emissions future and goals of the Paris Agreement. Just transition is one of these indicators, signaling its significance on the investor engagement agenda. Benchmark assessments are used to inform signatory decision-making on engagement strategies and help assess alignment between a company's stated decarbonization ambitions and their planned or actual decarbonization investments and activities.

The CA100+ just transition indicator, developed in consultation with global topic experts and investors, emphasizes:

- A commitment to just transition principles.
- Just transition planning and progress tracking.

WBA and CA100+ have confirmed that these just transition benchmarks are complementary and aligned.

## Why Is Just Transition Planning and Implementation Critical?

With the need for a just transition increasingly gaining global recognition, just transition planning is now becoming critical to ensuring the social dimension of the transition is given sufficient attention. In fact, effective management of the social implications of climate change and climate solutions, and achievement of a just transition, helps to accelerate climate action and ensures an inclusive and equitable approach to developing and implementing solutions for workers and communities.

Just transition planning, and the subsequent implementation of the plan, is an important part of preparing companies for the future, including impacts on the current workforce, understanding new skills needed to meet emissions goals and the potential for workforce conversion, ensuring access to skilled labor, and respecting the human rights of workers and other affected groups including communities. Establishing and/or maintaining stakeholder and public trust as well as maintaining a social license to operate remain imperative.

While a just transition has significant benefits for society, just transition planning and implementing a just transition plan also benefits companies in the following ways:

- Enhances long-term resilience of the company's workforce and value chain.
- Creates green jobs, which can enhance social license to operate<sup>14</sup> and improve relationships with local governments.
- Allows for better determination of investments in education and re- and up-skilling of workers, or of local communities more broadly, to mitigate the risk of skills shortage<sup>15</sup> and ensure business continuity and competitiveness.
- Mitigates operational risks by enhancing workforce relations and planning through social dialogue and respect for labor rights.
- Balances and clarifies risks and opportunities, which can enable executive buy-in and align leadership and company activities.
- Strengthens workforce relations that contribute to improved retention and recruitment and promotes innovation<sup>16</sup>.
- Promotes cross-company alignment and direction around long-term goals, offers clarity in the form of concrete plans to achieve them, and increases ownership across the company.



- Reduces the risk of labor law violations and related litigation costs as well as the reputational risks associated with job dislocation and restructuring.
- Addresses increasing expectations from stakeholders to support a transition that is just, equitable, and inclusive.
- Increases access to financing and equity capital, and aligns with investor expectations around long-term strategic planning, social impact, and sustainability.<sup>17</sup>

Actors such as [WBA](#) and [CA100+](#) are increasingly seeking to publicly benchmark companies' efforts, performance, and disclosure on just transition and leverage these outcomes to transform companies' behaviors and practices. These efforts also help investors to evaluate company ambition and progress toward net zero, with the goal of mitigating disruption to the economy and protecting long-term value for shareholders. The rise of assessment tools on the topic of just transition reflects transforming stakeholder expectations and a growing need for measurable and comparable metrics. Benchmarking aims to generate a "race to the top" to motivate systemic business action. At the same time, it holds less ambitious companies accountable by subjecting them to reputational risk if they fail to meet stakeholder expectations.

*“The responsible management of workforce and community dimensions of climate change are increasingly material drivers for value creation.”*

— UN PRI's statement of investor commitment to support a just transition on climate change

# The Process of Just Transition Planning

The process of just transition planning at the corporate level for the energy and utilities sectors includes five phases:



Each phase is described in further detail, including the purpose of the phase, an overview of what it entails, and recommended activities. Supporting tools and resources related to the recommended activities are also incorporated throughout the guidance. While the phases are presented in sequential order, the just transition planning process is not typically linear because activities often occur in parallel or continue to evolve, particularly those in Phases 1, 2, and 3, which may overlap, as well as those in Phases 4 and 5 because they are closely linked. Therefore, an iterative process is recommended whereby developments in one phase impact or lead to changes in an earlier or later phase.

PHASE

1

# Deepen Understanding of the Just Transition Landscape

## Purpose

Explore and understand the current landscape and most pertinent issues related to just transition, including what workers and other stakeholders, both internal and external, are expecting and what peers are doing.

## Recommended activities in this phase

### Conduct landscape scanning

Research and assess what just transition means for the sector, identify key just transition focus areas where the sector and the company can be most impactful, and explore peers' commitments and actions on the just transition.

### Identify key stakeholders

Identify and map key stakeholders (including workers, communities, and governments) that are impacted by the net-zero transition and climate action plans as well as those who are engaged in efforts to foster a just transition. Use the [Stakeholder Engagement Guidance Tool](#) to help map stakeholders.

### Understand stakeholder impacts and expectations

Engage stakeholders and facilitate social dialogue to understand the expectations from stakeholders, including workers, unions, communities, investors, etc., to help determine just transition priorities and ambitions.

### Engage with experts and peers

Engage with topical experts, academic institutions, regional experts, civil society organizations, or peers to better understand the just transition, specific impacts, challenges and/or opportunities, as well as other actors' experiences in trying to identify and address impacts on workers and/or communities related to the net-zero transition.

### Identify emerging just transition risks and opportunities

Identify just transition risks and opportunities that might surface in the future by assessing the social impacts of the company's climate and business strategies and future investments or trends, taking into account the energy sector, particular geographies, and the relevant national contexts. Map these risks and opportunities in a manner that is relevant to the company's business model, such as by business unit, function, and/or region/country of operation.

## TOOL

# Stakeholder Engagement Guidance

It is essential for companies to engage in social dialogue and stakeholder engagement on just transition with a variety of stakeholders. This guidance aims to help companies:

- » Identify key just transition stakeholder categories
- » Define the engagement objective(s) and focus for engaging with different stakeholders
- » Determine relevant engagement approaches

## Definition of “Stakeholders”

According to the Organisation for Economic Co-operation and Development (OECD), stakeholders are “persons or groups who have interests that are or could be impacted by an enterprise’s activities.”<sup>18</sup> A stakeholder is someone who affects or is affected by a company’s operations, activities, products, or services, and can be either inside or outside the company. Common stakeholders include employees, rightsholders, trade unions, civil society organizations, policymakers, regulators, suppliers, business partners, investors, consumers, and the communities impacted by operations.

## 1. Identify Key Just Transition Stakeholders

A thoughtful and detailed identification of affected stakeholders is essential to understanding the full picture of the global just transition context as well as local impacts. Meaningful, open, and transparent social dialogue and stakeholder engagement ensures the inclusion of impacted, marginalized, and vulnerable groups. Outreach to workers, their representatives and/or unions, local communities that might be impacted, as well as governments is fundamental to identifying relevant stakeholders. Stakeholders should be identified at both the global and local levels, particularly in key geographies, with the involvement of departments/individuals who have existing relationships with stakeholders and responsibilities for the relevant topics. It is also critical to consider key business relationships including suppliers, partners, and customers.



**The following pages include questions that are examples to guide stakeholder identification.**

Phase 1: Gather your team and engage in a transparent social discussion around stakeholder identification and future planning.

**TOOL**

Stakeholder Engagement Guidance: Identify Key Just Transition Stakeholders

## Which stakeholders are or might be impacted by the company's climate strategies and plans in the future?



1. Which jobs will be phased out? Which jobs will be created?
2. What kind of stakeholders would be impacted if workers are dislocated in the future?
3. What skills are needed/no longer needed? Which skills could be transitioned to be relevant for future plans?
4. What geographic locations will become more/less essential to the company? Who are the people that occupy those lands or hold the skills that exist in those locations, and what will their future look like?
5. What types of business activities/operations or assets will be needed/no longer needed and who are the people who build, operate, and close those activities/operations or assets?
6. Which communities or groups other than the workforce will be most impacted, and how?
7. Which suppliers and businesses will be impacted?
8. Which customers/consumers will be impacted?



**TOOL**

Stakeholder Engagement Guidance: Identify Key Just Transition Stakeholders

## Which stakeholders are engaged in the just transition agenda?



1. What unions/organizations represent workers at the company as well as in the supply chain at the global and local level? What is their focus?
2. What other organizations or individuals represent affected stakeholders in these communities?
3. How are national and local governments addressing the transition and who leads these discussions or efforts?
4. Which organizations or individuals represent vulnerable populations in these communities?
5. Who has a voice/who is not represented?
6. What groups are advocating on matters related to a just transition at the local, national, and global level?
7. What academic institutions or organizations have relevant expertise or capabilities to identify, assess, or address just transition impacts?
8. How are internal company stakeholders engaged at a corporate, country, and local level?

**TOOL**

Stakeholder Engagement Guidance: Identify Key Just Transition Stakeholders

What will current or future climate strategies mean for local communities, including social protection, health, schooling, environment, etc.?



What are the impacts on stakeholders from the company's climate strategy?



Which community groups or representatives are relevant to engage with on these matters?



What would be the impact of not enacting the strategy?  
Refer to the list of stakeholder types to conduct a comprehensive analysis.



**TOOL**

Stakeholder Engagement Guidance: Identify Key Just Transition Stakeholders

What are the stakeholders’ priorities or main concerns related to just transition?



By what process will those priorities or concerns be accounted for in decision-making by the company?



## 2. Define Engagement Focus and Objectives

A key priority for the company across all stakeholder categories is to map how the transition to a net-zero economy will impact them and determine how best to support them through this transition. Stakeholders have differing (and in some cases opposing) views and understandings of a just transition. To identify more precise topics to discuss with each stakeholder on an ongoing basis, it is recommended that the company foster an open and transparent engagement approach to understand stakeholders' perspectives and priorities on just transition as well as any concerns they have.

Moreover, identifying the objectives for engaging and negotiating with specific stakeholder groups—and the focus for discussion with each group—will help the company prepare for a just transition as well as secure and allocate resources accordingly.



**This tool provides an overview of suggested stakeholder engagement objectives and relevant topics on which to focus.**

TOOL

Stakeholder Engagement Guidance: Define Engagement Focus and Objectives



STAKEHOLDER	OBJECTIVE	FOCUS OF ENGAGEMENT
Workforce and unions	Ensure workers are actively informed and involved in just transition plans from an early stage; that negotiations occur; and that workers benefit from training and skills development, have access to decent and quality jobs, and have social protection during the transition “out.”	<ul style="list-style-type: none"><li>• Social dialogue and negotiations with workers</li><li>• Re- or up-skilling</li><li>• Working conditions</li><li>• Social protection for workers<sup>19</sup></li><li>• Talent development, retention, and inclusion</li><li>• Labor rights and human rights</li></ul>

STAKEHOLDER	OBJECTIVE	FOCUS OF ENGAGEMENT
Communities	Strengthen communities’ resilience to the net-zero transition by addressing economic, environmental, and social impacts on communities as a result of the company’s actions. Maintain transparent and inclusive dialogue and include communities in decision-making processes.	<ul style="list-style-type: none"><li>• Access to essential services (energy, mobility, health, education)</li><li>• Resettlement and displacement</li><li>• Social protection and economic diversification for communities</li><li>• Land and environmental protection</li><li>• Human rights</li><li>• Impacts on local businesses</li></ul>

STAKEHOLDER	OBJECTIVE	FOCUS OF ENGAGEMENT
Civil society organizations	Support organizations and groups that represent individuals or communities that are most exposed to the negative consequences of the transition to a net-zero economy. Maintain transparent and inclusive dialogue and include civil society organizations in decision-making processes.	<ul style="list-style-type: none"><li>• Local development initiatives</li><li>• Land/environmental protection</li><li>• Reconversion of territories</li><li>• Protection of human rights defenders</li></ul>



TOOL

Stakeholder Engagement Guidance: Define Engagement Focus and Objectives



STAKEHOLDER	OBJECTIVE	FOCUS OF ENGAGEMENT
<b>Regulators and public authorities</b>	Support policy design promoting just transition actions at the local and/or national level, advocate to include affected communities in policy-making processes, and drive job creation and decent work, including for vulnerable workers and communities.	<ul style="list-style-type: none"><li>• Policy frameworks that enable a just transition</li><li>• Job creation</li><li>• Re- or up-skilling</li><li>• Social protection for workers and communities</li></ul>

STAKEHOLDER	OBJECTIVE	FOCUS OF ENGAGEMENT
<b>Supply chain (and other business partners)</b>	Support and partner with suppliers and business partners in the net-zero transition and in understanding and meeting high standards on labor rights, human rights, and sustainability across the supply chain. Understand and seek to mitigate impacts on workers in the supply chain and business partners related to transitioning out.	<ul style="list-style-type: none"><li>• Adaptation of the supply chain to a net-zero economy</li><li>• Rights to freedom, quality working and living conditions, and a healthy environment</li><li>• Social protection for workers</li><li>• Job creation and re- or up-skilling</li><li>• Stimulation of new ideas to develop a sustainable supply chain</li></ul>

STAKEHOLDER	OBJECTIVE	FOCUS OF ENGAGEMENT
<b>Customers</b>	Engage customers on the just transition and understand how to best support customers impacted by the transition to a net-zero economy.	<ul style="list-style-type: none"><li>• Access to energy</li><li>• Energy efficiency innovation</li><li>• Product affordability</li><li>• Transparent communication on sustainability of products</li></ul>

TOOL

Stakeholder Engagement Guidance: Define Engagement Focus and Objectives



STAKEHOLDER	OBJECTIVE	FOCUS OF ENGAGEMENT
<b>Investors</b> <i>Corporate level</i>	Understand ambitions, goals, as well as methodologies and indicators employed by investors for integrating a just transition within financing and investment strategies.	<ul style="list-style-type: none"><li>• Financial support</li><li>• Awareness of benefits and costs associated with just transition efforts</li></ul>
STAKEHOLDER	OBJECTIVE	FOCUS OF ENGAGEMENT
<b>Industry</b> <i>Corporate level</i>	Collaborate with other companies or industry associations to solve common challenges and advocate for policies and regulation that support a just transition.	<ul style="list-style-type: none"><li>• Advocacy on policy</li><li>• Developing collaborative sectoral plans</li><li>• Applying collective leverage on partners in the value chain</li><li>• Sharing best practices and solution identification for shared challenges in the industry</li></ul>

### 3. Select Relevant Approaches

It is advised that all relevant stakeholders are engaged. However, the stakeholder group and pertinence will determine the appropriate engagement approach and frequency of engagement. Following the identification of the objectives and focus of engagement for different stakeholder groups, consideration can be given to the relevant engagement approach and how the company ensures the input of stakeholders is considered. Companies should also evaluate the amount of resources, time, and capacity those responsible for stakeholder engagement within the company have to ensure there is adequate support to implement the engagement approaches. Where appropriate, opportunities should be sought to integrate engagement on a just transition with other stakeholder engagement activities.

Refer to BSR's [FAQ on Stakeholder Engagement](#) and [Five-Step Approach to Stakeholder Engagement](#) for additional guidance, key definitions, and best practices for stakeholder engagement.

#### Meaningful Stakeholder Engagement

According to the OECD, meaningful stakeholder engagement is characterized by “ongoing engagement with stakeholders that is two-way, conducted in good faith and responsive,”<sup>20</sup> emphasizing the free expression of opinions and perspectives to reach mutual understanding; some shared decision-making and engagement in activities; the genuine intention to listen and learn and act accordingly; follow-through on outcomes and actions to address adverse impacts; and that stakeholder engagement is continuous.

PHASE

2

# Examine Company Just Transition Context

## Purpose

To understand the company just transition context, including commitments, actions, and progress to date, as well as the most important just transition issues for the company to address, through engaging internal stakeholders as well as building awareness of the just transition.

## Recommended activities in this phase

### Map just transition impacts

Draw on the stakeholder engagement and social dialogue from Phase 1 and the Indicators listed in the [Just Transition Indicators and Fundamental Actions Tool](#) to map the company’s current and emerging just transition impacts (i.e., the human rights and social impacts associated with the company’s climate transition plan, at the corporate level as well as at the local level). Identify where they are showing up, including which business lines and functions are associated with and/or responsible for managing risks related to negative social impacts as part of implementing the company’s climate strategies, and which business lines and functions have the strongest levers for just transition integration and implementation. This will inform governance discussions in Phase 4.

### Review existing commitments

Conduct a document review to identify commitments, expectations, standards, and/or requirements that the company already has in place, which are relevant to a just transition.

Review the company’s climate and human rights commitments and broader sustainability strategy to understand the context for just transition integration. See suggested documents to review in the [Document Review Checklist Tool](#).

### Understand current efforts that are relevant to the just transition

Facilitate conversations across the company to understand and discuss current company initiatives and activities that relate to or can be expanded to encompass a just transition focus. Use Fundamental Actions listed in the [Just Transition Indicators and Fundamental Actions Tool](#) as a starting point to identify all efforts.

### Facilitate internal just transition knowledge building

Support awareness building and provide training for internal stakeholders tailored to their needs to establish a foundation for just transition discussions around impacts, risks and opportunities, and the most important just transition issues for the company to address.

TOOL

# Document Review Checklist

As part of understanding the company’s current position and commitments related to just transition, it is beneficial to assess existing practices by looking through existing documents to understand where just transition elements might already be addressed or are relevant to integrate.



## Codes of Conduct

- ☐ Code of conduct
- ☐ Supplier code of conduct

## Climate

- ☐ Climate strategy, action plan(s)
- ☐ Climate report(s)

## Human Resources

- ☐ Equity, inclusion, diversity, and/or social justice policies
- ☐ Employment/labor policies/standards/guidelines
- ☐ Labor relations or engagement policies/guidelines

## Human Rights, Social Performance, and Communities

- ☐ Community and social performance policies/standards/guidance
- ☐ Community report(s)
- ☐ Existing stakeholder lists or mapping
- ☐ Human rights commitments and policy
- ☐ Human rights report(s)
- ☐ Stakeholder engagement policy

## Other

- ☐ Annual reports
- ☐ Company values
- ☐ Closure standards/guidance
- ☐ Health, safety, and environment policies/standards/guidance
- ☐ Sustainability reports



TOOL

# Just Transition Indicators and Fundamental Actions

Understanding what a just transition means in the context of business can be challenging, because there are many different elements. The following table builds on the just transition methodology developed by WBA and outlines just transition indicators and the key fundamental actions for each indicator, to provide a better understanding of what a just transition means in terms of concrete action items and focus areas. The indicators and related actions can be leveraged to identify and understand the just transition context, the most important just transition issues for the company to address and which functions, teams, or individuals are responsible, as well as to map current company initiatives and activities. This tool can be utilized to determine responsibility for the different just transition indicators and/or fundamental actions, and to create an overview of what has already been done by the company as well as where to find it.

**TOOL**   Just Transition Indicators and Fundamental Actions

Just Transition Indicator	Fundamental Actions	Which individual/department is currently responsible for the action? Who else should be involved?	What has been done? Where can it be found?
<div>Commitment to a Just Transition</div>	<div><div>1. Develop a public commitment to a just transition that is integrated with the company’s climate strategy and aligned with international standards and frameworks, such as the ILO guidelines for a just transition toward environmentally sustainable economies and societies for all and the UN Guiding Principles on Business and Human Rights.</div><div>2. Integrate the just transition commitment into corporate strategy and policies, as well as into relevant disclosures and communications across the company, including climate transition plans.</div></div>	<div></div>	<div></div>

**TOOL**   Just Transition Indicators and Fundamental Actions

**Just Transition  
Indicator**

**Fundamental  
Actions**

**Which individual/department  
is currently responsible for  
the action? Who else should  
be involved?**

**What has been done?  
Where can it be found?**

**Social dialogue  
and stakeholder  
engagement**

- 1. Commit to social dialogue with workers and unions, including negotiations.
- 2. Commit to meaningful engagement with affected stakeholders.
- 3. Engage in early, open, and continuous social dialogue and meaningful engagement with affected stakeholders on the just transition, including on risks, opportunities, impacts, and solutions.
- 4. Identify and disclose the different categories of key stakeholders to engage or that have been engaged on the just transition (including workers, communities, local NGOs, local government, etc.).



**TOOL**   Just Transition Indicators and Fundamental Actions

Just Transition Indicator	Fundamental Actions	Which individual/department is currently responsible for the action? Who else should be involved?	What has been done? Where can it be found?
<div data-bbox="105 768 578 929">Just transition planning</div>	<div data-bbox="755 760 1457 1562"><ol style="list-style-type: none"><li>1. Develop a net-zero transition plan that respects human rights (including labor rights), builds on social dialogue and stakeholder engagement, involves ultimate board and senior-level approval, and delineates clear roles and actions for all business units and functions.</li><li>2. Ensure that the net-zero transition plan is timebound and has measurable indicators.</li><li>3. Disclose progress on meeting KPIs and living up to just transition commitments.</li></ol></div>	<div data-bbox="2125 614 2247 741"></div>	<div data-bbox="2874 604 2996 731"></div>

**TOOL**   Just Transition Indicators and Fundamental Actions

Just Transition Indicator	Fundamental Actions	Which individual/department is currently responsible for the action? Who else should be involved?	What has been done? Where can it be found?
<div>Creating and supporting access to green and decent jobs</div>	<div><div>1. Commit to and take appropriate action to create and support access to green and decent jobs in a way that ensures respect for human rights, gender balance, and inclusion of vulnerable groups.</div><div>2. Assess and disclose risks of employment dislocation where relevant.</div></div>	<div></div>	<div></div>



**TOOL**   Just Transition Indicators and Fundamental Actions

Just Transition Indicator	Fundamental Actions	Which individual/department is currently responsible for the action? Who else should be involved?	What has been done? Where can it be found?
<b>Retaining and re- and/or up-skilling</b>	<div>1. Commit to and take appropriate action to re- and/or up-skill workers displaced by the transition to a net-zero economy in a way that ensures gender balance and inclusion of vulnerable groups.</div> <div>2. Engage with unions, workers, and communities to identify skill-gaps and opportunities.</div>	<div></div>	<div></div>

**TOOL**   Just Transition Indicators and Fundamental Actions

**Just Transition  
Indicator**

**Fundamental  
Actions**

**Which individual/department  
is currently responsible for  
the action? Who else should  
be involved?**

**What has been done?  
Where can it be found?**

**Social protection  
and social impact  
management**

- 1. Determine how the impacts of the net-zero transition on social protection for workers and affected stakeholders are identified.
- 2. Contribute to social protection in contexts of operation where stakeholders—including external stakeholders—are impacted by the net-zero transition.
- 3. Encourage business partners to contribute to social protection.



**TOOL**   Just Transition Indicators and Fundamental Actions

**Just Transition  
Indicator**

**Fundamental  
Actions**

**Which individual/department  
is currently responsible for  
the action? Who else should  
be involved?**



**What has been done?  
Where can it be found?**

**Advocacy for  
policies and  
regulation**

- 1. Advocate for policies and regulation for green and decent job creation; retention, education, and reskilling; human and labor rights; and social protection, including for external affected stakeholders.
- 2. Include voices of those most affected in advocacy efforts.
- 3. Ensure there is no lobbying by any part of the company for policies or activities that are misaligned with achieving a just transition.



**TOOL**   Just Transition Indicators and Fundamental Actions

Just Transition Indicator	Fundamental Actions	Which individual/department is currently responsible for the action? Who else should be involved?	What has been done? Where can it be found?
<b>Influence and support just transition approaches for business partners</b>	Implement clear policies for engaging with business partners on a just transition. This could involve commitment to business partner capacity-building on just transition, collaborating with business partners to help integrate just transition elements, or influencing business partners through requirements of just transition practices integration.		

Source: The list of just transition elements draws heavily on and expands on the World Benchmarking Alliance’s just transition indicators for assessment of corporate efforts.<sup>21</sup>



# Assess Company Just Transition Maturity and Identify Gaps

## Purpose

To assess the current maturity of the company on just transition, understand risk and opportunities across the company’s operations, and identify performance gaps that need to be addressed. This will inform just transition priorities, action needed, as well as the future just transition plan.

## Recommended activities in this phase

### Conduct a just transition maturity assessment of the company

Review and assess current action and initiatives across just transition indicators to understand the company’s maturity level on just transition. Draw on current commitments, policies, standards, action plans, as well as findings from interviews with internal stakeholders across the company. As part of the maturity assessment, document initial gaps that may be identified to address these gaps in Phase 5 when developing the just transition plan.

### Understand just transition risks and opportunities

Evaluate what risks and opportunities the company might face related to a just transition. This could be related to reputational risks, investor requirements, partnership and stakeholder engagement opportunities, workforce retention, worker displacement, future skills that are currently unavailable, opportunities to create green and decent jobs, community disruption, etc.

TOOL

# Just Transition Maturity Scale

Fundamental to any just transition action and planning should be a commitment to climate action, underpinned by the goals of the Paris Agreement, and a commitment to respecting human rights aligned with the UNGPs. These commitments should be public, and action to support the commitments should include:

## Commitment to climate action

- » Set short- and long-term science-based targets aligned with meeting net-zero emissions by 2050
- » Draft a climate transition plan

## Commitment to respecting human rights

- » Make a public commitment to respect human rights
- » Conduct ongoing human rights due diligence
- » Provide individuals who may have their rights violated with remedy

Building on these fundamental commitments and actions, companies can use the following scale to evaluate their maturity on just transition. The maturity scale builds on the Just Transition Indicators and Fundamental Actions Tool from Phase 2 to expand on what just transition maturity looks like across the just transition indicators. It is based on current guidance and is likely to evolve and be enhanced over time. The maturity scale can facilitate the assessment of the company’s just transition approach, actions, and maturity across eight different indicators, helping to understand how advanced the company is across the just transition, and what is needed to increase maturity.

TOOL

Just Transition Indicators and Fundamental Actions



		AD HOC	NASCENT	ESTABLISHED	INTEGRATED
INDICATOR	Commitment to a just transition	The company does not directly mention a just transition in climate commitments but mentions some just transition components (such as social dialogue or stakeholder engagement) with little or no connection to the business.	The company mentions a just transition but does not demonstrate a formal approach to it.	The company has a public commitment to a just transition and relates just transition to relevant aspects of the business, demonstrating a clear understanding of priority just transition issues to be addressed and how they relate to the company.	The company has a public commitment to a just transition, which is aligned with international standards and frameworks such as the ILO guidelines. The commitment is consistently integrated into corporate strategy, policies, and program areas.
	Social dialogue and stakeholder engagement	The company has not identified stakeholders that are specifically affected by the transition, but it engages stakeholders including workers, local communities, and unions on other issues that are related to a just transition.	The company commits to social dialogue as it relates to elements of a just transition. The company identifies relevant stakeholders affected by the transition but has little social dialogue and minimal engagement with stakeholders on just transition elements.	The company commits to social dialogue as it relates to elements of a just transition. The company identifies relevant stakeholders, is involved in social dialogue, and engages stakeholders in a meaningful way on some just transition elements.	The company commits to social dialogue, discloses the categories of stakeholders it engages with on just transition, and demonstrates ongoing social dialogue and meaningful engagement with affected stakeholders on all aspects of just transition. The company is transparent on how input from stakeholders is considered in decision-making.
	Just transition planning	The company has a decarbonization strategy, with little to no evidence of social impacts and engagement with affected stakeholders.	The company has a decarbonization strategy and has mapped out associated social impacts and/or has engaged with some affected stakeholders on how the company plans to address these.	The company has a decarbonization strategy, which integrates considerations of social implications and affected human rights and sets out objectives for a just transition. The company has engaged with some affected stakeholders to inform these objectives. There is senior-level awareness of just transition planning and the company has formulated KPIs on just transition elements.	The company demonstrates net-zero transition planning, which aligns with international human rights standards, has timebound, measurable indicators for a just transition, involves board awareness and senior-level engagement, and is informed by and builds on social dialogue and stakeholder engagement.
	Creating and supporting access to green and decent jobs	The company loosely mentions an ambition to create and support, as well as retain, green and decent jobs. The company has not identified or disclosed the risk of dislocation due to the transition to a net-zero economy in a way that relates to the company or its industry.	The company has an ambition to create and support, as well as retain, green and decent jobs. The company acknowledges the risk of dislocating workers as a part of the transition to a net-zero economy and assesses and discloses where this might be relevant for workers in the company or value chain.	The company is committed to, and looks for opportunities for, retaining and creating or supporting access to green and decent jobs. The company assesses and discloses risks of employment dislocation where relevant.	The company is committed to and takes appropriate action to create or support access to green and decent jobs in a way that ensures gender balance and inclusion of vulnerable groups. The company assesses and discloses risks of employment dislocation where relevant.



TOOL

Just Transition Indicators and Fundamental Actions



		AD HOC	NASCENT	ESTABLISHED	INTEGRATED
INDICATOR	Retaining and re- and/or up-skilling	The company has not identified a need to re- and/or up-skill workers displaced by the transition to a net-zero economy or only refers to this on a very general level.	The company has started to identify a need to re- and/or up-skill workers displaced by the transition to a net-zero economy and is exploring how to do so.	The company is committed to re- and/or up-skill workers displaced by the transition to a net-zero economy and has a process for identifying skills gaps for workers and affected stakeholders that includes engagement with unions, communities, and governments.	The company is committed to and takes appropriate action to re- and/or up-skill workers displaced by the transition to a net-zero economy in a way that ensures gender balance and inclusion of vulnerable groups, and that involves engagement with unions, communities, and governments to identify skill gaps and opportunities.
	Social protection and social impact management	The company has initiatives or philanthropy to support surrounding communities, although this is not necessarily related to the net-zero transition or directed at affected stakeholders.	The company has initiatives or philanthropy related to the net-zero transition that focuses on supporting communities or other groups affected by the transition to a net-zero economy.	The company demonstrates how it contributes to addressing the impacts of the net-zero transition on workers’ social protection and affected stakeholders in the contexts in which it operates.	The company describes how it identifies the impacts of the net-zero transition on social protection for workers and affected stakeholders and contributes to social protection in the contexts in which it operates. The company expects its business partners to contribute to social protection.
	Advocacy for policies and regulation	The company does not disclose or discloses limited information on its lobbying activities related to just transition, or there is no alignment between the company’s business strategy, just transition commitments, and policy engagement, or the company actively and publicly advocates for policies that contradict a just transition in some cases.	The company advocates for specific policies that support a just transition but does not necessarily advocate for policies across all just transition issues.  The company is not transparent about any potential misalignment of its lobbying activities with policies and regulation that support the just transition.	The company demonstrates that it lobbies, directly and/or through trade associations and/or employer organizations, for just transition policies and regulations that enable the generation of green and decent jobs and the retention, education, and reskilling of workers and/or social protection of workers and affected stakeholders at the local, national, and/or international level.  The company discloses any misalignment of its lobbying activities with policies and regulation that support a just transition and discloses the measures it takes to address this.	The company actively lobbies for policies and regulation for green and decent job creation; retention, education, and reskilling; and social protection aligned with stakeholder priorities. The company is transparent in its policy positions and does not lobby for activities that are misaligned with a just transition.
	Influence and support on just transition approaches for business partners	The company recognizes the need to engage with business partners on just transition, but it has not yet done so.	The company has engaged with some business partners on just transition, but it is not standard process to engage on this topic	The company is committed to supporting business partners to understand just transition and how this might affect their stakeholders and tries to influence business partners to engage in just transition efforts.	The company has implemented clear processes for engaging with business partners on the just transition. These processes might relate to sharing knowledge and best practices, business partner capability building on just transition, collaborating with business partners to help integrate just transition elements, or influencing business partners through requirements of just transition integration.



# Establish Company Governance of Just Transition

## Purpose

To effectively implement, progress, and respond to stakeholder expectations, it is essential to establish a clear governance structure for just transition efforts within the company. Building an effective and well-integrated governance structure will enable ownership, accountability, and integration throughout the business.

## Recommended activities in this phase

### Determine a governance structure for just transition

Establish clear ownership of and responsibility for a just transition by defining roles and responsibilities at various levels and across functions. Provide alignment and clarity to those executing the work and enable effective communication between the various teams involved.

### Consider establishing a just transition working group

Explore creating a cross-functional working group that includes representatives from different functions and business units relevant to just transition, including Climate/ Sustainability, Human Resources/Labor Relations, Social Performance/Stakeholder Engagement, Contracting & Procurement/ Supply Chain, Tax/Finance, Government Relations, Strategy, Legal, and Business/

In line with the World Economic Forum’s Principles for Effective Climate Governance, boards have a duty to shareholders to oversee effective management of the transition, which might include providing direction and support to ensure that impacts, opportunities, and inequalities along the value chain are anticipated and managed. Boards are also responsible for helping shape the company’s strategic direction and long-term vision and enabling a just transition through stewardship, holding executives accountable, and ensuring appropriate resource allocation.<sup>23</sup>

Operations, to ensure alignment on the company’s just transition approach and activities. Additionally, or alternatively, explore establishing local working groups in key geographies, business lines, or operations where just transition is critical or presents significant challenges, and establish mechanisms for integration and alignment between locally-led activities and corporate-driven strategies and approaches.

**Ensure senior leadership oversight and board awareness**

Ensure the company’s cross-functional just transition efforts are supported by senior leadership/top management and that adequate resources (including budget and staff time) are dedicated to carry out the work in a meaningful manner. Ensure that the board is aware of the elements of a just transition and considers them in decision-making.

**Understand internal staff expertise and capabilities:**

As part of establishing a governance structure and defining roles and responsibilities, assess current and relevant expertise in the individuals and teams with just transition roles and assign responsibilities accordingly. Identify and address gaps in expertise or capabilities on specific just transition aspects.

**Consider establishing an external advisory committee**

Assemble a group, or join existing groups, of external stakeholders to serve as a strategic counsel and mechanism to advise on just transition efforts. Ensure there are multiple perspectives in the group reflecting the diversity of interests of workers and stakeholders.

TOOL

# Just Transition Governance Guiding Questions

To effectively implement, advance, and respond to stakeholder expectations on a just transition, a clear and fit-for-purpose internal governance structure is necessary. Building an effective and well-integrated governance structure, which leverages existing structures and processes where possible, will enable ownership, integration throughout the business, and the allocation of appropriate resources and expertise to address and invest in just transition activities and integration. There are several aspects of just transition planning that make implementing a governance structure beneficial:

- » Broad awareness and buy-in from across the entire company help to advance progress.
- » Just transition planning requires collaboration, contributions, and data from many functions and external stakeholders.
- » Difficult decisions, possibly including trade-offs, will need to be made.
- » Stakeholder expectations for engagement and demonstrated progress are rapidly increasing.
- » Companies must be able to consolidate, measure, and communicate progress.

Building from the risks, opportunities, and impacts identified through Phases 2 and 3, the following pages can help guide internal governance discussions and consideration of different elements of just transition governance:

**TOOL**

Just Transition Governance Guiding Questions

## ELEMENTS OF GOOD GOVERNANCE

**Board-level awareness****GUIDING QUESTIONS**

1. How does the company ensure board-level awareness and buy-in of the just transition?
2. Is there an individual/committee responsible for just transition at the board level? If so, do they have the necessary knowledge on just transition issues?
3. How might the just transition be relevant to existing board committees, or how might those committees be leveraged on just transition issues?
4. Does the board act as a lever to drive action and hold executives accountable for embedding the just transition plan into corporate strategy and action?
5. Are there lessons learned from other sustainability initiatives that can be relevant to a just transition?
6. What are the national and regional considerations for board (or executive) awareness, in particular legislative implications?
7. Does the board have exposure to the views of stakeholders on the just transition?

## TOOL

## Just Transition Governance Guiding Questions

## ELEMENTS OF GOOD GOVERNANCE

# Executive oversight and leadership

## GUIDING QUESTIONS



1. To what extent does the executive team oversee the company's just transition approach, plan, and activities?
2. Does responsibility for the just transition lie at the executive level?
3. Who is responsible for day-to-day approval or sign-off of activities and resources related to the just transition?
4. Does the individual(s) responsible for the just transition at the executive level have competence and expertise on just transition issues?
5. How does the responsible executive ensure effective collaboration between relevant functions across existing company siloes?

## TOOL

## Just Transition Governance Guiding Questions

## ELEMENTS OF GOOD GOVERNANCE

# Clear roles and responsibilities

## GUIDING QUESTIONS



1. What are the most salient just transition risks, opportunities, and impacts of the company that were identified in Phase 2 and 3 and what department(s) or expertise area(s) are best equipped to address those issues?
2. Which departments/business units/geographies have the most prominent levers or are most relevant for just transition implementation?
3. How are responsibilities for just transition processes and actions assigned across departments, teams, or individuals?

## TOOL

## Just Transition Governance Guiding Questions

## ELEMENTS OF GOOD GOVERNANCE

# Dedicated staff

## GUIDING QUESTIONS



1. At present, is there a clear owner/accountable person for the company's just transition efforts? How will that person's role evolve as just transition processes are integrated across the company?

2. Is ownership of the just transition currently embedded across several departments or anchored in one department? Who decides where ownership and accountability are embedded?

3. Does the company have an internal just transition working group? If so, how is the group organized? Who is involved? What is their mandate?



## TOOL

## Just Transition Governance Guiding Questions

## ELEMENTS OF GOOD GOVERNANCE

# External perspectives

## GUIDING QUESTIONS



1. What is the role of external stakeholders in governance of just transition efforts?
2. How are stakeholders' perspectives addressed and integrated into just transition efforts?
3. When and how often are external stakeholders or relevant experts engaged for input on the just transition?
4. What is the standard process for taking into account stakeholder feedback in decision-making on the just transition?



# Develop a Just Transition Plan

In order for companies to consider and determine an overarching vision and level of ambition for a just transition, as well as the outcome(s) they would like to contribute to, there are several existing resources that help outline approaches to the transition. The Just Transition Research Collaborative developed a continuum of four ideal-typical approaches to a just transition,<sup>24</sup> ranging from approaches that preserve the existing political economy to approaches that envision significantly different futures.<sup>25</sup>

## Purpose

Based on the learnings and outcomes of the previous phases, this phase will develop an overarching corporate approach to a just transition, identify actions, and prioritize local implementation resulting in the development of a just transition plan.

Ambition-setting will determine the level and needs of investment in resources and a timeline of action. Prioritizing key just transition issues will help focus and systemize the company’s efforts and will inform the company’s overarching vision, objectives, and KPIs. This will enable bespoke local implementation based on the company’s overarching commitment to a just transition.

## Recommended activities in this phase

### Develop an overarching vision and level of ambition on a just transition

Use existing models to understand possible approaches and outcomes and identify the company’s just transition ambition level. Include and consult relevant departments/ individuals in setting ambition levels and link the just transition ambition with the company’s sustainability and climate ambitions and strategies.

### Determine key just transition priorities to address, as well as the level of ambition across different elements

Use the previous Just Transition Maturity Scale Tool included in Phase 3 to identify the company’s level of ambition for each of the just transition indicators and identify necessary action to reach the desired maturity level. Use the Just Transition Planning Tool to help identify gaps between current and desired maturity, and to determine actions, priorities, and responsibility.

The Council for Inclusive Capitalism developed a Just Transition Framework for Company Action<sup>26</sup> that provides a comprehensive guide for governments, companies, and civic organizations to manage the transition to net-zero emissions in ways that are just, as well as an online learning platform that contains resources and company examples. The framework and platform can be useful to companies for setting just transition priorities and objectives in consideration of those identified through social dialogue and stakeholder engagement.

**Develop objectives and key performance indicators**

Use the Just Transition Maturity Scale Tool included in Phase 3 to develop just transition objectives and KPIs across the different just transition indicators that align with the company’s ambition-level for each element. Integrate the KPIs in the Just Transition Planning Tool below, linking the KPIs to identified actions, gaps, and prioritized geographies or assets as relevant.

**Develop an approach to local implementation**

Determine an approach to local implementation of the just transition plan, including developing a methodology for assessing and prioritizing geographies, lines of business, and/or assets based on impacts and opportunities related to the just transition.

**Develop a timeline for just transition action**

Draft a timeline to enable the company to address the gaps between the current just transition maturity and ambition-level.

**Create or update the company’s commitment to a just transition to reflect the new ambition and priorities**

Publish and broadly communicate the commitment both internally and externally.

The Council for Inclusive Capitalism has a public database of commitments<sup>27</sup> to action which align to its Just Transition Framework for Company Action, and maps to WBA and CA100+ just transition methodology and indicators. This resource can be used by companies to share their commitments and progress for others to learn from.

TOOL

# Just Transition Planning

The following tool outlines a process to plot a company’s current maturity level and determine the necessary actions to address gaps between the current and desired maturity levels. For each indicator, utilize the Just Transition Maturity Scale Tool from Phase 3 for examples of what different levels of ambition would mean in terms of practical action, and to understand the gap between the current and desired maturity levels. The tool and process should be completed collaboratively with colleagues across the company who would be responsible for the relevant indicator focus area or actions.

TOOL

Just Transition Planning

INDICATOR

Commitment to  
a Just Transition



Company response:

1	Plot both the current and desired maturity levels of the company	LEVEL Current Desired	AD HOC	NASCENT	ESTABLISHED	INTEGRATED
2	Summarize the current maturity level position. What is the company doing to warrant the current maturity level position?  TOOL Indicators and Fundamental Actions (Phase 2) TOOL Maturity Scale Tool (Phase 3)					
3	Describe the commitments and activities necessary for the desired maturity level  TOOL Maturity Scale Tool (Phase 3)					
4	Identify the action(s) necessary to address the gaps between the current and desired maturity levels					
5	Identify the priority level of the action(s)					
6	Describe which geographies and/or assets should be prioritized for the identified actions (where relevant)					
7	Describe how performance/success will be measured (identify objectives, outcomes, and/or KPIs to evaluate performance)					
8	Identify which department/individual is responsible for the action(s)					

TOOL

Just Transition Planning

INDICATOR

Social dialogue and stakeholder engagement



Company response:

1	Plot both the current and desired maturity levels of the company	LEVEL Current Desired	AD HOC	NASCENT	ESTABLISHED	INTEGRATED
2	Summarize the current maturity level position. What is the company doing to warrant the current maturity level position?  TOOL <a href="#">Maturity Scale Tool</a> (Phase 3) TOOL <a href="#">Indicators and Fundamental Actions</a> (Phase 2) TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)					
3	Describe the commitments and activities necessary for the desired maturity level  TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)					
4	Identify the action(s) necessary to address the gaps between the current and desired maturity levels					
5	Identify the priority level of the action(s)					
6	Describe which geographies and/or assets should be prioritized for the identified actions (where relevant)					
7	Describe how performance/success will be measured (identify objectives, outcomes, and/or KPIs to evaluate performance)					
8	Identify which department/individual is responsible for the action(s)					

TOOL

Just Transition Planning

INDICATOR

Just transition planning



Company response:

1	Plot both the current and desired maturity levels of the company	LEVEL Current Desired	AD HOC	NASCENT	ESTABLISHED	INTEGRATED
2	Summarize the current maturity level position. What is the company doing to warrant the current maturity level position?  TOOL Indicators and Fundamental Actions (Phase 2) TOOL Maturity Scale Tool (Phase 3)					
3	Describe the commitments and activities necessary for the desired maturity level  TOOL Maturity Scale Tool (Phase 3)					
4	Identify the action(s) necessary to address the gaps between the current and desired maturity levels					
5	Identify the priority level of the action(s)					
6	Describe which geographies and/or assets should be prioritized for the identified actions (where relevant)					
7	Describe how performance/success will be measured (identify objectives, outcomes, and/or KPIs to evaluate performance)					
8	Identify which department/individual is responsible for the action(s)					



TOOL

Just Transition Planning

INDICATOR

Creating and supporting access to green and decent jobs



Company response:

1	Plot both the current and desired maturity levels of the company  TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)	LEVEL Current Desired	AD HOC	NASCENT	ESTABLISHED	INTEGRATED
2	Summarize the current maturity level position. What is the company doing to warrant the current maturity level position?  TOOL <a href="#">Indicators and Fundamental Actions</a> (Phase 2) TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)					
3	Describe the commitments and activities necessary for the desired maturity level  TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)					
4	Identify the action(s) necessary to address the gaps between the current and desired maturity levels					
5	Identify the priority level of the action(s)					
6	Describe which geographies and/or assets should be prioritized for the identified actions (where relevant)					
7	Describe how performance/success will be measured (identify objectives, outcomes, and/or KPIs to evaluate performance)					
8	Identify which department/individual is responsible for the action(s)					

TOOL

Just Transition Planning

INDICATOR

Retaining and re- and/or up-skilling



Company response:

1	Plot both the current and desired maturity levels of the company  TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)	LEVEL Current Desired	AD HOC	NASCENT	ESTABLISHED	INTEGRATED
2	Summarize the current maturity level position. What is the company doing to warrant the current maturity level position?  TOOL <a href="#">Indicators and Fundamental Actions</a> (Phase 2) TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)					
3	Describe the commitments and activities necessary for the desired maturity level  TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)					
4	Identify the action(s) necessary to address the gaps between the current and desired maturity levels					
5	Identify the priority level of the action(s)					
6	Describe which geographies and/or assets should be prioritized for the identified actions (where relevant)					
7	Describe how performance/success will be measured (identify objectives, outcomes, and/or KPIs to evaluate performance)					
8	Identify which department/individual is responsible for the action(s)					

TOOL

Just Transition Planning

INDICATOR

Social protection and social impact management



Company response:

1	Plot both the current and desired maturity levels of the company <b>TOOL</b> <a href="#">Maturity Scale Tool</a> (Phase 3)	LEVEL Current Desired	AD HOC	NASCENT	ESTABLISHED	INTEGRATED
2	Summarize the current maturity level position. What is the company doing to warrant the current maturity level position? <b>TOOL</b> <a href="#">Indicators and Fundamental Actions</a> (Phase 2) <b>TOOL</b> <a href="#">Maturity Scale Tool</a> (Phase 3)					
3	Describe the commitments and activities necessary for the desired maturity level <b>TOOL</b> <a href="#">Maturity Scale Tool</a> (Phase 3)					
4	Identify the action(s) necessary to address the gaps between the current and desired maturity levels					
5	Identify the priority level of the action(s)					
6	Describe which geographies and/or assets should be prioritized for the identified actions (where relevant)					
7	Describe how performance/success will be measured (identify objectives, outcomes, and/or KPIs to evaluate performance)					
8	Identify which department/individual is responsible for the action(s)					

TOOL

Just Transition Planning

INDICATOR

Advocacy for policies and regulation



Company response:

1	Plot both the current and desired maturity levels of the company  TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)	LEVEL Current Desired	AD HOC	NASCENT	ESTABLISHED	INTEGRATED
2	Summarize the current maturity level position. What is the company doing to warrant the current maturity level position?  TOOL <a href="#">Indicators and Fundamental Actions</a> (Phase 2) TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)					
3	Describe the commitments and activities necessary for the desired maturity level  TOOL <a href="#">Maturity Scale Tool</a> (Phase 3)					
4	Identify the action(s) necessary to address the gaps between the current and desired maturity levels					
5	Identify the priority level of the action(s)					
6	Describe which geographies and/or assets should be prioritized for the identified actions (where relevant)					
7	Describe how performance/success will be measured (identify objectives, outcomes, and/or KPIs to evaluate performance)					
8	Identify which department/individual is responsible for the action(s)					

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Leverage and support on just transition approaches for business partners



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## TOOL

## Key Elements of a Just Transition Plan

To ensure a holistic approach to just transition efforts within the broader business and climate strategy, a just transition plan can be integrated into—and disclosed through—a company's climate transition plan. The following key elements should be included in a robust just transition plan:



- » A commitment to a just transition, building on commitments to climate action and respecting human rights.
- » An overarching vision and level of ambition for a just transition
- » Articulation of priority issues and objectives as they relate to affected stakeholders and the company.
- » A description of the methodology, process, or tool used for prioritizing assets, geographies, or specific issues for just transition efforts.
- » Planned actions and initiatives, including how these will include affected stakeholders both at a corporate level and for prioritized assets, geographies, and specific issues.

- » Key performance indicators that are time-bound and measurable as well as quantitative and/or qualitative targets/goals providing a mechanism to measure the implementation of the just transition plan and demonstrate progress
- » A description of how the company has developed the just transition plan, and how engagement with stakeholders more broadly, as well as social dialogue with worker representatives or unions, has informed and contributed to the process of developing the just transition plan.
- » A description of how the company intends to disclose its just transition commitments, plan, activities, and progress externally, as well as how it will communicate about the just transition internally.

The just transition plan should be updated as the external context, stakeholder expectations and impacts, and company activities, including the company's climate transition plan, evolve and change.

## Conclusion

While recognizing the complexities of contributing to an energy transition that is just, fair, and equitable, and the challenges associated with just transition planning, this guidance recommends a process for companies in the energy and utilities sectors to develop a robust just transition plan. This process is broken down into five phases for companies to follow, each providing high-level recommended actions as well as supporting tools and resources. The five phases are:

- » **Deepen** understanding of the just transition landscape, including conducting social dialogue and engaging stakeholders broadly to identify and understand the most affected stakeholders and the relevant just transition issues for the company to address.
- » **Examine** company just transition context, including mapping the company's current and future just transition impacts and which departments/functions they are associated with, as well as existing commitments, efforts, or actions that relate to a just transition.
- » **Assess** company just transition maturity and identify gaps, including understanding how mature the company awareness, practices, and integration of just transition is across the range of indicator topics and identifying associated gaps that require action to address.
- » **Establish** company governance of just transition, including determining an internal governance structure with board awareness, senior leadership responsibility and oversight, and clear roles and responsibilities assigned to individuals from relevant departments across the company with sufficient expertise and capacity to take on the work.
- » **Develop** a just transition plan, building on the previous phases to develop an overarching vision and level of ambition, objectives, and priorities, corporate and local-level action plans, as well as KPIs that are measurable, time-bound, and contribute to developing a timeline for action.

The process outlined in this guidance aims to lead to the development of a just transition plan building on external stakeholder engagement and social dialogue, internal knowledge-gathering and discussions, a better understanding of how and what the company is already doing, and a plan for company ambition, priorities, action, integration across the company, and governance. The process and resulting plan are designed to inform implementation of just transition efforts, including a timeline for objectives to be met.

The process is underscored by the importance of meaningful and continuous stakeholder engagement and social dialogue to inform the just transition plan, evaluate the effectiveness of the plan, and continuously refine the plan as new insights are gained.

This guidance aims to help companies establish a solid foundation for understanding what a just transition plan entails—for the planning process as well as for implementation of the plan. The plan is the essential first step in companies' just transition efforts, but once it is developed, a significant investment of effort and resources are needed to implement the plan.

It is critical that companies recognize the importance of their role and fulfill their responsibilities in advancing a transition to a net-zero economy that is just, inclusive, and equitable for all.



# Endnotes

- 1 Just Transition Initiative (2023), [“About Just Transitions.”](#)
- 2 International Labour Organization (2015), [“Guidelines for a just transition towards environmentally sustainable economies and societies for all.”](#)
- 3 Conference of the Parties (2015), [“Paris Agreement under the United Nations Framework Convention on Climate Change.”](#)
- 4 The complete ILO definition states that “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 maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any challenges—including through effective social dialogue among all groups impacted, and respect for fundamental labor principles and rights.”
- 5 The COP27 Sharm el-Sheikh Implementation Plan states that “... climate action should be implemented in a manner that is just and inclusive while minimizing negative social or economic impacts that may arise from climate action,” and the need for “meaningful and effective social dialogue and participation of all stakeholders.” The [Sharm el-Sheikh Implementation Plan \(Decision 1/CMA.4\): Section VIII Implementation pathways to a just transition, paragraphs 50-53.](#)
- 6 An example is a group of 161 investors representing US\$10.2 trillion in assets who endorsed the [2020 Statement of Investor Commitment to Support a Just Transition on Climate Change](#) coordinated by Principles for Responsible Investment (PRI).
- 7 United Nations Human Rights Office of the High Commissioner (2012), [“The Corporate Responsibility to Respect Human Rights—An Interpretive Guide.”](#)
- 8 The International Labour Organization (n.d.), [“Social Dialogue.”](#)
- 9 World Benchmarking Alliance (2021), [“World Benchmarking Alliance Just Transition Methodology.”](#)
- 10 World Benchmarking Alliance (2021), [“Just Transition Methodology.”](#)
- 11 World Benchmarking Alliance (2021), [“World Benchmarking Alliance Just Transition Methodology.”](#)
- 12 World Benchmarking Alliance (2021), [“Just Transition Methodology.”](#)
- 13 Climate Action 100+ (2023), [“Net Zero Company Benchmark.”](#)
- 14 The Just Transition Centre and The B Team (2018), [“Just Transition: A Business Guide.”](#)
- 15 United Nations Global Compact (2022), [“Introduction to Just Transition—A Business Brief.”](#)
- 16 UN Global Compact (2022), [“Introduction to Just Transition.”](#)
- 17 For example, 161 investors representing US\$10.2 trillion in assets endorsed the 2020 Statement of Investor Commitment to Support a Just Transition on Climate Change coordinated by PRI. Climate Action 100+ (2022), [“A need for robust just transition planning.”](#)
- 18 Organisation for Economic Co-operation and Development (2018), [“OECD Due Diligence Guidance for Responsible Business Conduct.”](#)
- 19 Including healthcare, income replacement benefits in the case of sickness, old age, unemployment, work-related injury, disability, and maternity, child and family benefits, and social assistance benefits and services that guarantee basic income security. The Just Transition Centre and The B Team (2018), [“Just Transition: A Business Guide.”](#)
- 20 Organisation for Economic Co-operation and Development (2017), [“OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector,”](#) p. 18.
- 21 World Benchmarking Alliance (2021), [“World Benchmarking Alliance Just Transition Methodology.”](#)
- 22 World Benchmarking Alliance (2021), [“World Benchmarking Alliance Just Transition Methodology.”](#)
- 23 World Economic Forum (2022), [“The Chairperson’s Guide to a Just Transition.”](#)
- 24 United Nations Research Institute for Social Development (2018), [“Mapping Just Transition\(s\) to a Low-Carbon World.”](#)
- 25 Alternatively, the Just Transition Initiative has also developed a model that focuses on level of ambition based on two critical dimensions, impact and scope, using a matrix that ranges from Incremental Reform that is narrowly focused and less inclusive to Systems Change that has a broad impact and is highly inclusive.
- 26 Council for Inclusive Capitalism (2021), [“Achieving a Just Energy Transition: A Framework for Company Action.”](#)
- 27 Council for Inclusive Capitalism, [“Actions for a Just Transition.”](#)

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