

Embedding Just Transition into Corporate Climate Action Strategies

September 2024



Contents

Foreword	3
Achieving a Just Transition	4
Alignment with Key Reference Frameworks	5
Clarifying Corporate Responsibilities and Opportunities	6
Transition Planning: Impact Dimensions	7
Five Just Transition Challenges	11
Call to Action	14
Endnotes	15

Foreword

I am delighted to share this report, which is ERM’s contribution to the goals of the Business Commission for Tackling Inequality (BCTI), an initiative launched by the World Business Council on Sustainable Development (WBCSD) and its partners.



Foreword by Tom Reichert, ERM CEO and BCTI Commissioner

ERM is proud to have been part of this initiative since 2022 and to help the Commission build on its flagship 2023 report **Tackling Inequality: An Agenda for Business Action.**

While the problems that the Commission seeks to address are complex, the foundational concept is simple: without social prosperity and cohesion, business will struggle to succeed. In other words, respecting people, improving livelihoods and addressing inequality is a moral imperative as much as a business need.

Over the next two years, BCTI is focusing on select topics, delving deeper into concrete tools and initiatives that have the greatest potential for positive systemic impact. Just transition is one of them. ERM co-chairs the Just Transition Working Group alongside the ManpowerGroup and the Council on Inclusive Capitalism. Together, we are identifying and supporting new ways to advance business action on this critical theme.

This report contains our initial thoughts on how to embed a just transition approach into corporate governance and business strategy. By doing so, businesses can ensure that social impacts and risks are understood and acted upon on a corporate-wide basis, not just piecemeal. It is based on extensive work on climate and decarbonization, nature and social performance and human rights across the globe and takes into account the key reporting and due diligence frameworks that are dramatically reshaping expectations of corporate conduct.

Our intention is to build on this report and co-develop practical guidance for Boards, C-suite and sustainability managers. As such, we welcome feedback and discussion

from the members of the Just Transition Working Group of the WBCSD as well as clients and partners more broadly, from the business community, international organizations, and civil society.

We are especially thankful to the WBCSD and many of our courageous clients who are not afraid to explore, innovate and push the boundaries of corporate practice. There is so much more that we need to do. But together we can help to chart a clearer path towards the full integration of just transition approach into business everywhere.

ERM thanks the BCTI Commissioners and the co-chairs of the Just Transition Working Group for their insights and rich discussion on the role of businesses in addressing climate-related social risks. We look forward to continuing our work together.



BCTI
Alexandra Guaqueta,
BCTI Commissioner,
ERM Senior Partner,
Co-author of the report

Achieving a Just Transition

There is global recognition that we need to increase the pace at which we reduce greenhouse gas emissions (GHG) and move towards a net zero economy, in order to avoid catastrophic outcomes.

Aligned with the commitments of the Paris Agreement, government policy, regulatory frameworks, industry guidance, market instruments and financing requirements are establishing the practical foundations for achieving a net zero economy.

While the need is clear, the solution is not simple. It requires an acceleration of renewable energy development, a transition away from fossil fuels, innovation in hard-to-abate sectors, and management of assets at risk due to changing climatic conditions.

The response by companies to the challenge ahead has varied. While setting GHG emission reduction targets has been a first step for many, companies are now turning their attention to developing climate transition plans to secure their future in a net zero and nature-positive economy. As they do so, they are realizing that people are at the heart of the energy transition.

As companies start to plan for a net zero economy, it is clear that they have a direct role to play in ensuring that the transition is “just”. The current discourse in defining the term “just” refers to an ambitious aspiration: that no one is left behind and that sustainable development (as captured in the UN Sustainable Development Goals) is integral to the plan¹. These are broad goals that apply to states, international organizations and civil society. Achieving a just transition will require public-private coordination at scale never seen before.

However, we believe that many corporations are not connecting climate and people issues as they should. Decarbonization teams inside businesses are focusing on Scope 1-3 emissions reduction too narrowly, without identifying and understanding the implications of such decisions for people. Energy companies in the countries of the Organization for Economic Cooperation and Development (OECD), where much of the investment is being deployed, are only starting to implement best practices in social impact and risk management in their own home countries. Climate physical risk assessments are not looking into the way people being affected by extreme weather patterns may impact businesses. If companies evaluated climate risks with a social lens, they would likely come to a conclusion that it makes business sense to support climate resilience among its more vulnerable stakeholders.

To galvanize corporate action in favor of a just energy transition and, at the same time, business resilience, companies need operationalization frameworks that: clarify responsibilities; spell out opportunities connected to reducing social risks associated to climate change and climate action; and speak to key business decision-making processes.



Alignment with Key Reference Frameworks

The purpose of this report is to support businesses as they plan for a just transition, with a focus not on “why” but the “how”, which in turn calls for clarity on the “what”. The intention is not to reinvent the work already done by others, but instead highlight the social and human rights dimensions that need to be considered as businesses seek to decarbonize their value chain².

Let’s start with the “what” as it relates to climate and the transition. States and markets have already aligned around the expectations of business when it comes to climate action. Global climate goals are articulated in the Paris Agreement and the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations provide guidance on the key areas that companies should focus on to accelerate progress on climate. TCFD asks companies to identify and address climate transition and physical risks – which we unpack below in order to identify how people considerations should factor into climate action strategies and plans. TCFD formally culminated its mission in 2023, handing over to the IFRS Foundation to continue to monitor company progress while countries have been adopting binding requirements³.

Recent years have seen an increasing focus on climate transition planning. The Transition Plan Taskforce (TPT), established by the UK Government in 2022 with a remit to develop the gold standard for transition plans, captures the principles that underpin a just transition. TPT states that the actions taken by business are just when they account for social impacts and opportunities associated with decisions to decarbonize a company’s value chain⁴. This requires rights holders to be at the forefront in the decision-making process.

The TPT outputs, issued in 2023 and aligned with the Glasgow Financial Alliance for Net Zero (GFANZ) guidance for credible, comprehensive, and comparable net zero transition planning, have rapidly gained traction. The International Sustainability Standards Board (ISSB) intends to use TPT’s recommendations in its guidance on sustainability disclosure aiming to harmonize frameworks. This means that TPT’s guidance is likely to become the main point of reference informing company disclosures on the matter. In due course, aligning to it may become an expectation on corporate just energy transition.

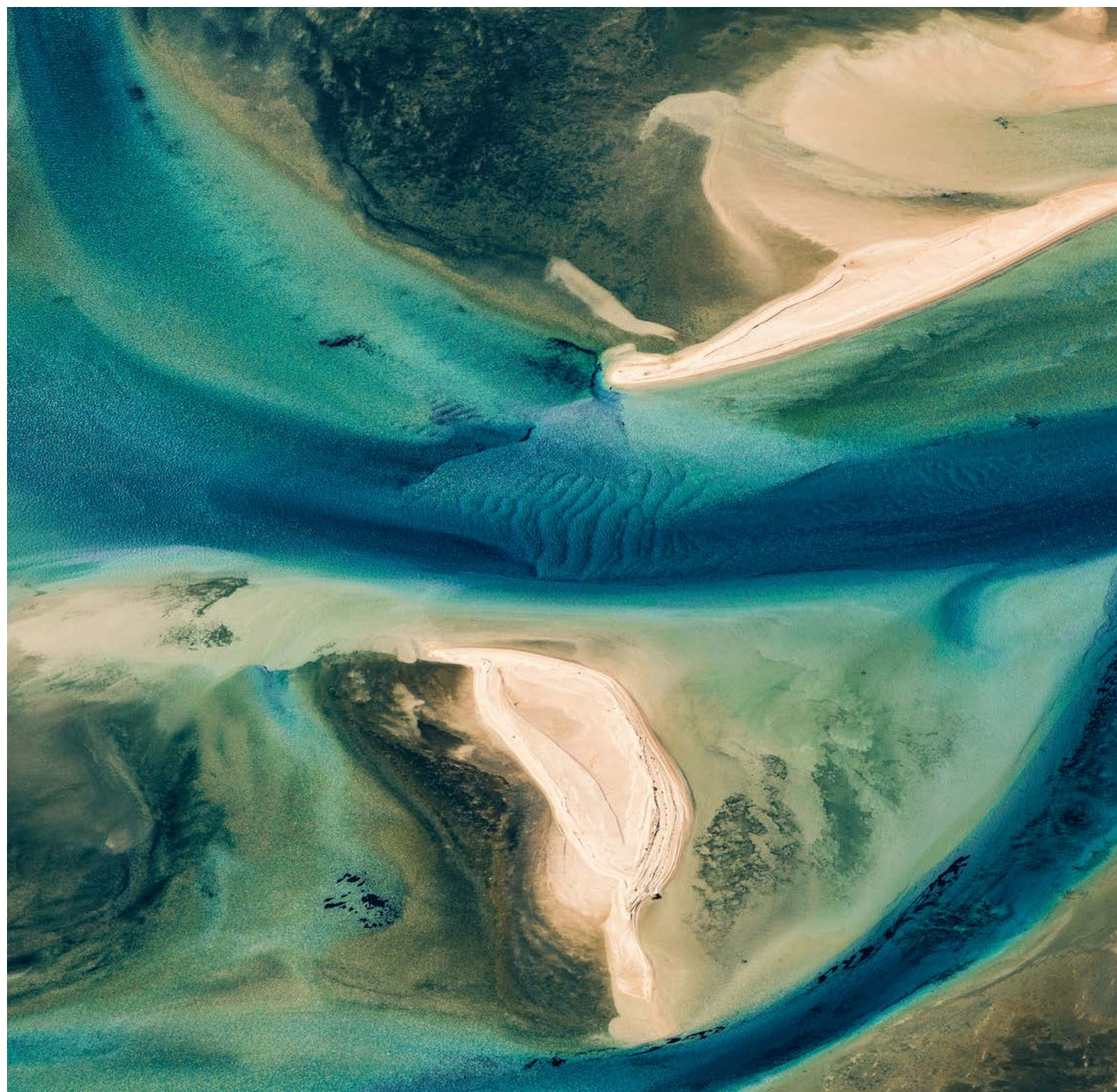
Nature is also part of the “what”, recognizing that nature positive outcomes are inextricably linked to addressing climate change and social outcomes. Following a formulation process and conceptual structure similar to TCFD, the Taskforce on Nature-related Financial Disclosures (TNFD) launched in 2023 disclosure recommendations for companies⁵. It has now set clear standard for corporate action on nature-related matters compatible with international treaties.

Finally, the EU Corporate Sustainability Due Diligence Directive (CSDDD) is now raising the bar for companies by requiring environmental and human rights due diligence in operations and in the chain of activities of companies as well as climate transition plans. While the Directive does not expand on the strategic or tactical details of a just transition approach, it does set out clear expectations for companies in scope, which, if carried out meaningfully, should support concrete just transition measures⁶. The new Task Force on Inequality and Social-related Financial Disclosures initiating its design and consultation work in 2024 may continue to shape how we understand just transition and business action.



Clarifying Corporate Responsibilities and Opportunities

Business climate actions in the context of the energy transition include decisions related to capital allocation, sourcing clean energy, ramping down high emitting operations, accelerating renewable energy development, driving energy efficiency, greening products and services and delivering innovative solutions within a company's own operations and value chains, while at the same time managing the risks and opportunities in light of changing climatic conditions and policy contexts⁷.



Transitional and Physical Risks

Transitional risks refer to the risks that businesses face due to the changing external landscape, specifically changes in regulatory and financing requirements and stakeholder expectations. Within this context, stakeholders refer to host communities, civil society organizations, workers, consumers, shareholders and financiers.

No organization is immune, regardless of the sector. Businesses will need to find ways to reduce their GHG emissions through energy efficiency, switching to cleaner energy sources, introduction of new technologies, production and purchasing of greener products and services or through the closure of assets.

Examples of steps that may be taken by businesses to identify and respond to transitional risks include:

- Transitioning to alternative sources of energy, and away from fossil fuel intensive processes and activities.
- Retiring assets or developing new infrastructure or technologies to reduce emissions.
- Incorporating the cost of carbon in capital expenditure (and operational expenditure) decisions.
- Setting clear ambitions for business partners with regards to GHG emissions.

Physical risks refer to risks associated with changing climatic conditions faced by companies and their value chains often at an asset level. These risks may result from changes in extreme and mean temperature profiles, the nature, duration, intensity and frequency of rainfall and storm events and acidification of oceans.

Similar to transitional risks, physical risks may mean that an operation or collection of assets will need to change or, in some instances, close due to the physical climatic conditions.

Examples of actions that may be taken by businesses to address physical risks include:

- The closure of an asset as changing climatic conditions make the asset no longer financially viable to operate or maintain.
- Requiring or supporting suppliers to introduce changes (e.g. transportation modes, locations, infrastructure, nature-based solutions) to build resiliency.
- Building in redundancy in service providers to better accommodate potential disruptions.
- Introducing new services or products that support community resilience in the face of changing climatic conditions.



The scope for business action entails understanding and acting on two dimensions of people-related impacts, risks and opportunities within the context of climate:

Climate action-related social risks and opportunities refer to the negative and positive impacts on people of corporate decision-making on climate matters. This is about the impacts companies may cause or contribute to when they take mitigation and adaptation actions. For example, adverse impacts may happen when companies retire high emitting assets, buy land to build renewables, or change suppliers to reduce Scope 3 emissions. These decarbonization measures may affect the livelihoods of workers and communities. Conversely, positive impacts may happen when companies invest in green skills development and pay living wages in the communities that host them.

Climate-related risks on a companies’ stakeholders refers to the effects of climate transition and physical risks on individuals or groups of people with whom the company interacts and whose resilience to climate risks, or lack thereof, may impact the company. This is about social dynamics that are external to a company and that may affect business goals. For example, a company may need to suspend operations when their workers are affected by floodings; or a company may lose social acceptance (of shareholders or consumers) if they have developed new expectations on corporate climate transition.

Similarly, there are **nature-related social risks and opportunities which are inextricably linked to the transition to a net-zero economy**. The natural environment, within this context, refers specifically to the ecosystems that provide fundamental services to people (such as food, shelter, recreation) and that support carbon sinks. It is important that these services are

retained. Doing so also contributes to a nature-positive economy. Companies therefore must ensure that nature-related dependencies, impacts, risks and opportunities are addressed and that people’s resilience to climate action and climate change is not undermined through business activities that may affect nature⁸.

There is an opportunity while planning for a net zero future for companies to proactively address fundamental inequalities. In contexts where inequity already exists, businesses can go beyond a “do no harm” approach to support social inclusion, which can in turn reduce systemic risks to businesses.



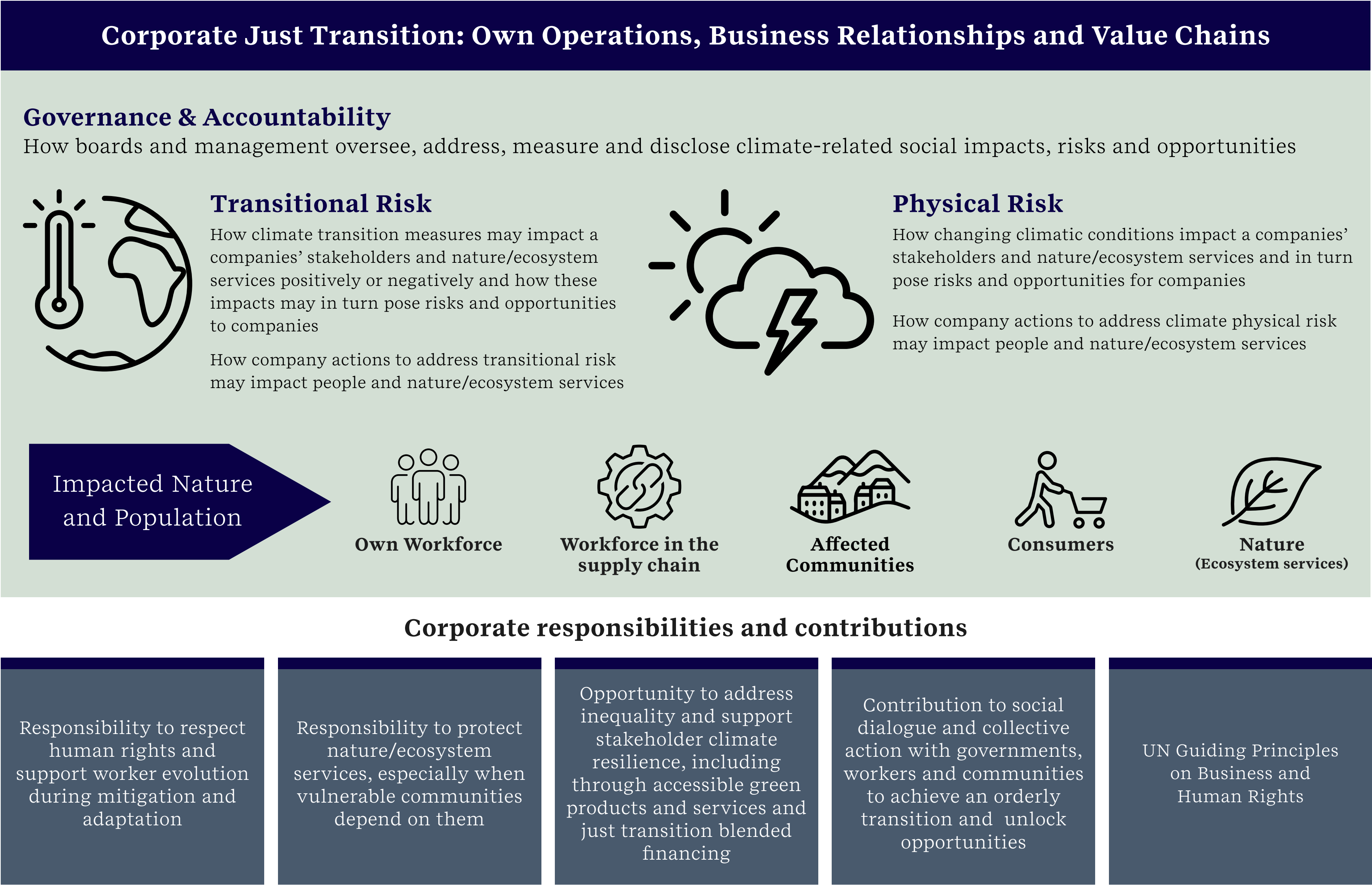
Transition Planning: Impact Dimensions
Within the context of a just transition, there are four impact dimensions that need to be considered by companies when making decisions (Figure 1). These are interrelated and interdependent categories, as follows:

- **Workforce**, which captures the current and future skills demand. The specific requirements will depend on the nature of an operation or business, and may involve facilitating a transition for existing workers, while in other instances it may include building a skills pipeline for the future for a company’s own operation and for its value chain.
- **Community**, which involves understanding, preventing and addressing potential adverse impacts that may be experienced by host communities when new infrastructure is built, and putting in place strategies to support communities to capitalize on opportunities (e.g. access to clean energy and green goods) in a way that helps respond to fundamental inequality⁹.
- **Consumers/customers**, which involves understanding how a change in an asset or operation (including closure) will affect downstream consumers. This may present unintended social impacts, or an unexpected ripple effect. It is important to not miss an opportunity to work with consumers to reduce a company’s emissions profile (e.g. Scope 3 emissions).
- **Nature**, which requires the potential adverse impacts as well as opportunities to achieve positive outcomes to be understood and managed. The focus, within this context, is on the natural environment, specifically the ecosystems that provide fundamental services to people (such as food, shelter, recreation).

Nature within the Context of the Just Transition

Communities rely on the services provided by nature – these are referred to as ecosystem services. This means an impact on nature often leads to impacts on communities. This could be through the loss of productive agricultural land leading to an impact on food security, or through the loss of access to cultural heritage values or natural features that contribute to a community’s sense of wellbeing and belonging, or through the loss of carbon sinks which provide a mechanism to reduce carbon emissions. For this reason, it is important that decisions surrounding decarbonization consider the potential impacts to nature.

Figure 1: Overview of key just transition planning building blocks



Within the context of the four impact dimensions (workforce, community, consumer/customer, nature), there are a range of key questions that companies should be asking as they decarbonize and transition to a net zero future. The questions captured in Table 1, while not an exhaustive list, are designed to act as a prompt for companies.

The questions are grouped under four headings, which largely reflect the key activities that companies will look to do to decarbonize their operations and remain competitive in a net zero economy:

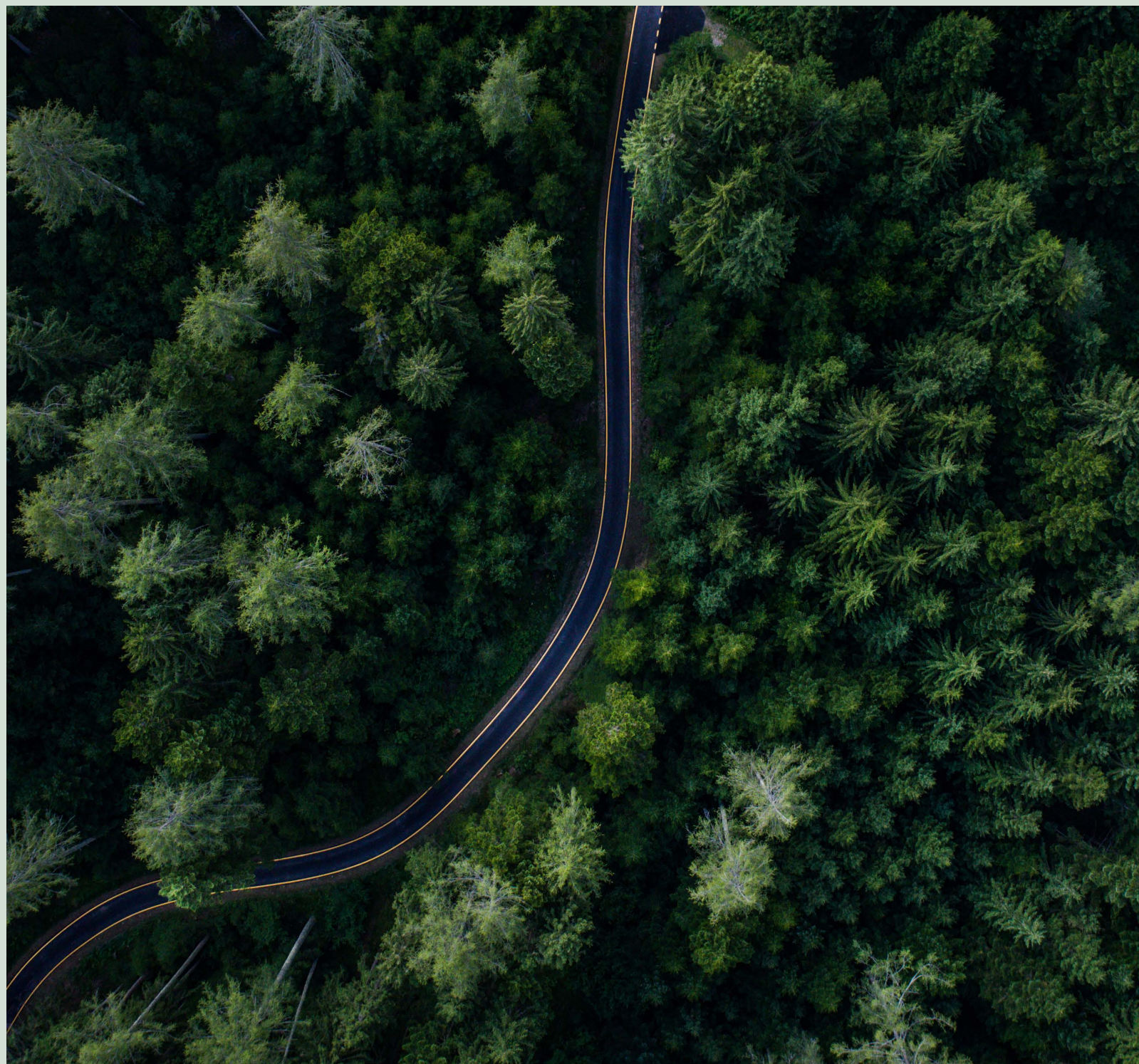
- **New developments, ventures and market entry**, including the acceleration of renewable energy infrastructure. This may involve a company conducting an acquisition, merger or investment in a new venture.
- **Changes required at existing operations and investments**, which will be introduced to futureproof operations in line of transitional and physical risks. This includes introduction with new technologies at existing assets to reduce GHG emissions, and
- **Closure or transition of assets**, which will be required in some instances. This may be linked to the closure or change of operations within high emitting sectors and physical risks, which cannot be mitigated.
- **Collaboration with governments, other companies and organizations** to ensure that the regulatory and financing environment enables, and effectively supports, a just transition¹⁰. Business should play an active role in influencing the future trajectory.

In the context of this primer, a company’s operations extend to include its business relationships. This may include, depending on the nature of the business, its value chain. For example, where Scope 3 emissions are seen as a risk to the future viability of an industry, a company may lean in to support emission reduction opportunities. This means that the questions captured in Table 1 will need to be extended to the company’s business relationships¹¹.



Table 1: Questions to guide just corporate transition planning

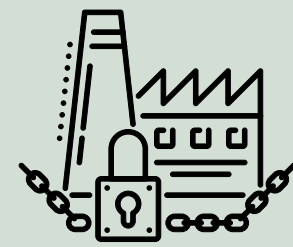
	New developments, ventures and market entry	Changes to existing operations	Closure or transition of assets	Collaboration and engagement
Workforce	- Do the skills required to support the development or venture exist locally? If not, what strategies will be put in place to build the required skill set. - What social inclusion opportunities are there when reskilling/ upskilling? - What are the timeframes for developing a skilled workforce? - What steps will be taken to ensure appropriate working conditions are established/ maintained? This includes steps to ensure a living wage.	- Do the skills required to support changes in the operation exist locally? If not, what strategies will be put in place to build the required skill sets. - What are the timeframes for developing a skilled workforce? - What steps will be taken to ensure appropriate working conditions are established/ maintained? This includes steps to ensure a living wage.	- What strategies will be put in place to support ramp down and redeployment of workers? - How will the health and safety implications of a ramp down now be managed? - Will redeployment require development of new skills? Are workers amendable to developing new skills? - Are there opportunities to partner with others to support skills development?	- Are there opportunities to collaborate with government or other companies to deliver skills development initiatives? - What strategies will be put in place to work with government on future workforce development policies and initiatives? - Is there an opportunity to support efforts to achieve the SDGs? - Is lobbying and advocacy on climate action consistent with labor rights?
Community	- What impacts may a community experience due to the development or venture? - How are cumulative impacts being considered, given the acceleration of new developments or ventures? - What opportunities exist to deliver community benefits? - What vulnerable populations exist? Will they be disproportionately impacted? - What human rights risks exist within the context of the development or venture? How will these be managed? - Where will raw materials or other inputs be sourced from? What risks exist with these materials?	- What impacts may a community experience due to changes in the operation or value chain? - What opportunities exist to deliver community benefits and support climate resilience? - Where will raw materials or other inputs be sourced from? What human rights risks exist with the production of these materials?	- What will closure mean for the economic future of the community? Are there opportunities to minimize the impact that may be experienced? - How will the change impact the identity of the community or region? How will this change be navigated? - What opportunities exist to deliver community benefits?	- What cumulative impacts may exist that require collaboration with government and other organizations to support effective management? - Are there opportunities to collaborate with government or other companies to maximize community benefits / deliver community initiatives? - What opportunities exist to support government initiatives to deliver positive community outcomes? - Is lobbying and advocacy on climate action consistent with communities’ rights?
Consumer/ customer	- Will the new development influence consumer behaviors? - Will the product or output from the new development be widely accessible? Will vulnerable populations be able to access it?	Will the product or output still be accessible to consumers/ customers? Will vulnerable populations be unable to access it?	- How will closure effect consumers/ customers? Are there unexpected or unintended adverse social impacts that may arise? - What will the consumer/ customer do at the point of closure? Is there a replacement product that the consumer can rely on? - Will vulnerable populations be disadvantaged as a result of closure?	- Are there opportunities to work with consumers/ customers to further reduce emissions? - Is lobbying and advocacy on climate action consistent with human rights?
Nature	- How will the natural environment be impacted by the development or venture? What ecosystem services may be impacted by the development or venture? - What land will be required to facilitate the development or venture? How will land be acquired and who needs to be involved? - Are there opportunities to protect biodiversity and ecosystem services in the way the development or venture is designed? - How will changes in ecosystem services impact local populations? Will vulnerable populations be disproportionately impacted?	- How will the natural environment be impacted by changes in the operation? - Are there opportunities to protect biodiversity and ecosystem services within the context of the operation?	- What will happen to the land on which the asset sits once closure is achieved? - Are there opportunities to repurpose the land? Are there opportunities within the context of repurposing to protect biodiversity and ecosystem services?	- Are there opportunities to work with others to support the protection of ecosystems? - Does the regulatory framework seek to protect ecosystem services? Is there an opportunity to work with regulators to ensure that the regulatory framework provides protections for ecosystems? - What opportunities exist to inform strategic land use planning? How does this process consider vulnerable populations?



Five Just Transition Challenges



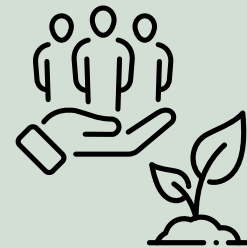
- 1 Cumulative impact and need for collaboration.** Respecting communities' rights while permitting, constructing and operating new energy infrastructure; understanding and addressing cumulative impacts; engaging peers, business partners and authorities to coordinate on cumulative impact management in new industrial clusters.



- 2 Engaging rights-holders and managing the implications of closures.** Engaging unions, workers and communities to plan and execute the closure or transition of assets; engaging governments and communities that depend on taxes generated by business activity that is planned for closure; developing current and future green skills; maximizing opportunities for inclusion.



- 3 Managing climate physical risks to workers.** Understanding and addressing climate physical risk for workers in own operations and in the value chain, in particular for communities living close to vulnerable assets; and for key ecosystems, especially in the food and agriculture value chain.



- 4 Respecting rights in nature-based solutions projects.** Addressing social impact and human rights risks and opportunities of carbon offsets and nature-based solutions projects; ensuring consultation, land rights and access to ecosystem services; maximizing economic inclusion opportunities.



- 5 Influencing the policy agenda.** Devoting appropriate resources to engaging, coordinating with and influencing local, national and international policies that support the financing and implementation of the just transition. Such advocacy must be undertaken transparently and in line with the Global Standards on Climate Responsible Policy Engagement and emerging linked standards for nature and just transition¹².

Transition Planning: Factors for Success

The questions in Table 1 will help to inform transition planning, ensuring that the dimensions of a just transition are appropriately considered. In addition, to ensure that transition planning is successful, the planning process will need to:

• Ensure Board and C-suite approval of the climate transition plan that includes a climate action-focused social impact and human rights saliency assessment. Transition planning serves as a means to manage an organization’s exposure to transitional and physical climate risks, and effectively support a just future. As such, oversight and accountability needs to sit at the most senior level of an organization. This should also support the appropriate level of organizational support and resourcing for just transition and access to inform strategic decision-making on risks and opportunities.	• Involve a multi-disciplinary team to inform not only planning but effective implementation. The breadth of factors that need to be considered requires engagement across divisions and departments within an organization. This includes having representatives— from corporate to assets level, given the localized nature of many of the factors of just transition—e.g. workforce, local communities and economies.	• Transition planning should be embedded within the company’s business planning process. In other words, a transition plan should not be a standalone plan, but instead captured within a company’s business plan, as it should inform the future trajectory of the organization. As part of this process, it is important to ensure that the plan is integrated into financial planning and long-term capital and operational expenditure. Within this context, engagement with investors, lenders and/ or government will be important, as they provide access to capital to facilitate the changes required¹³.	• Monitor, adapt and report on progress. Given the rapidly changing external landscape (e.g. introduction of new technologies, changing regulatory requirements), ongoing monitoring and appropriate adaptation will be required. This will require establishing corporate goals, as well as asset-level targets, that can be used to not only monitor performance, but ensure that intended longer term impacts are being effectively achieved. In addition, the outcomes should be disclosed at regular intervals, in line with stakeholder expectations (Table 2).	• Engage with rights holders and other stakeholders, including business partners. The voice of rights holders, including potentially vulnerable individuals and groups, will need to be reflected in the planning and implementation process. This requires an organization to implement a process that drives meaningful, ongoing engagement. This is often the aspect that sets just transition planning apart from other business planning processes, as it plays a critical role in addressing inequality and creating social inclusion. In addition to rights holders, other key stakeholders, including business partners, should be engaged. This type of engagement will not only help in understanding the steps a company’s business partners are taking to support a just transition but also identify ways to collaborate with business partners.
---	---	---	--	--

Table 2: Metrics for Monitoring Performance

Business Responsibility and Contributions	Example Metrics
Responsibility to respect human rights and support worker evolution during mitigation and adaptation	Number of workers who have received training in roles/industries that will support/facilitate the energy transition. Percentage of workers who have been trained and redeployed—moving from roles that may no longer be required to roles that will facilitate in a net zero economy. Percentage of workers who earn a living wage. Percentage of workers who participate in decision-making/percentage of workers who have access to participatory processes so that their views are captured in decision-making.
Responsibility to protect nature/ecosystem services, especially when vulnerable communities depend on them	Number of people benefiting from enhanced food security as a result of measures taken to protect nature. Extent to which vulnerabilities in the value chain are understood and steps are being taken to address them. Extent to which new operations or ventures are co-designed with land-connected or land-dependent communities ensuring that nature is protected.
Opportunity to address inequality and support stakeholder climate resilience, including through accessible green products/services and just transition blended financing	Profits achieved by communities as a result of new products or ventures in which they are active participants. Degree to which engagements undertaken with rights holders align with the principles of meaningful engagement.
Contribution to social dialogue and collective action with governments, workers and communities to achieve an orderly transition and unlock opportunities	Social impact outcomes that result from collective action.
Policy engagement with governments (sub-national, national and international) aligned to the Paris Agreement and the UN Guiding Principles	Number of policy engagements with government that have led to meaningful change. Extent to which regulatory protection for workers exists or has improved in regulatory protections afforded to workers and their concrete implementation on the ground.

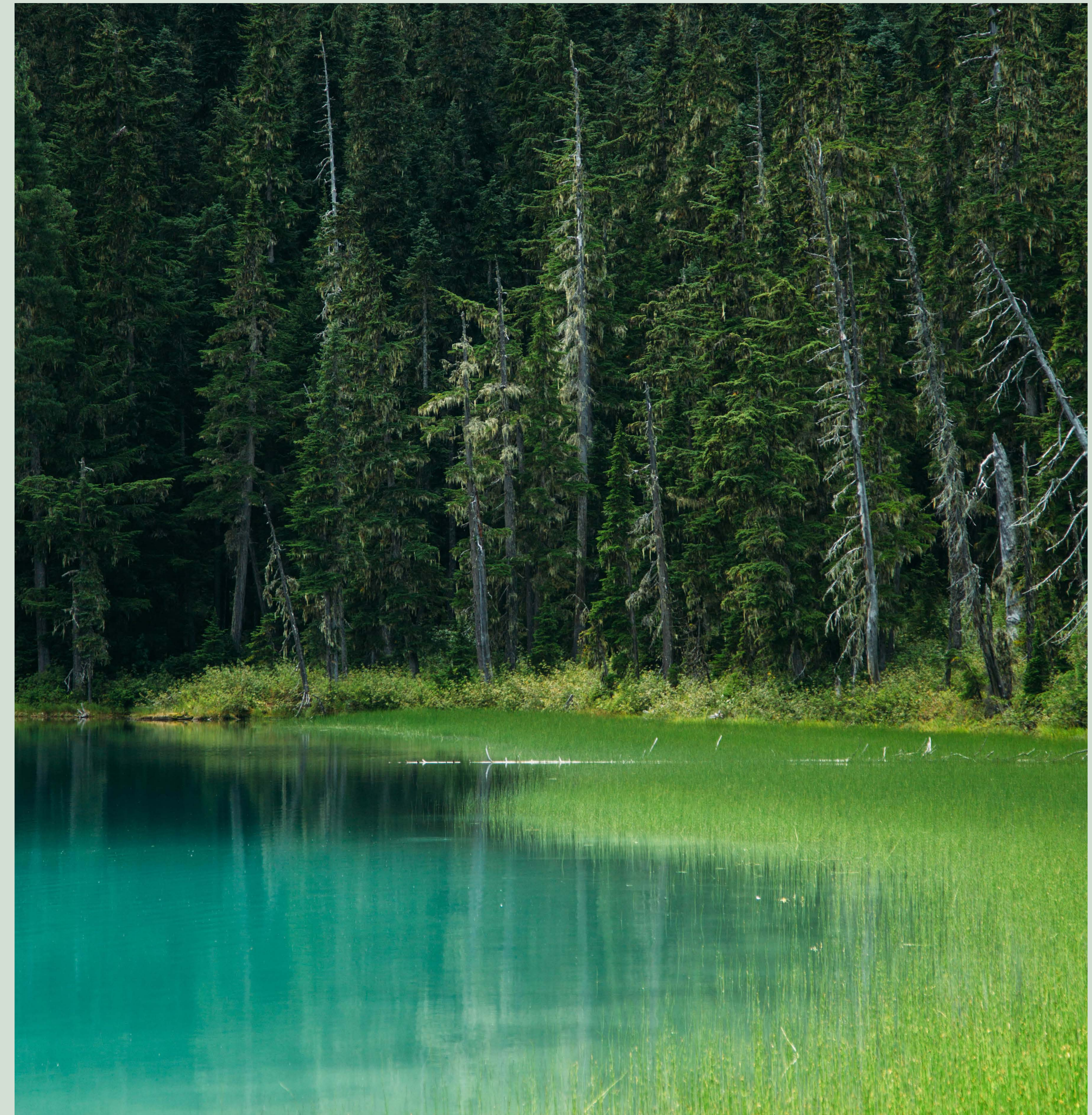
Call to Action

Business has a clear role to play in delivering not just a net zero economy but ensuring that this is done in a just way, which ultimately enables achieving business goals. This requires companies to move beyond current thinking, towards embedding people into company-wide decarbonization decision-making and implementation.

A net zero future cannot be achieved, unless it is just, as society will not tolerate the changes required to achieve net zero without thinking about the human cost.

ERM welcomes convergence around global principles on corporate responsibilities and contributions to achieve a just transition, aligned to expectations set out in existing climate, nature and human rights due diligence frameworks for businesses. These should drive place-based solutions tailored to the challenges and opportunities in each country and economic sector – whether it's energy, agri-business or other industry sectors with climate action obligations. Such convergence will inform better capital allocation, policy making and regulatory compliance; will catalyze further business action; and should help prevent conflict.

ERM looks forward to continuing to support raising awareness on just transition, developing tools to embed it in corporate strategy, and advancing concrete initiatives with partners across the globe.



Endnotes

1 See International Labow Organization, Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All, February 2016 and remarks at COP29 when the Just Transition Program was formally launched. **First Dialogue on Just Transition Tackles Challenges, Seeks International Cooperation | UNFCCC**

2 Principles and guidance on just transition for corporations building on the International Labor Organization’s (ILO) seminal 2015 framework for governments, corporations and workers have been produced by several coalitions, see Business for Social Responsibility, *Climate and the Just Transition*, 2018; Grantham Research Institute on Climate Change, UN Principles for Responsible Investment, *Climate Change and The Just Transition: A Guide for Investor Action*, 2018; B -Team, *Just Transition: A Business Guide*, 2018; Council on Inclusive Capitalism, *Just Transition Framework for Company Action*, 2018; UN Global Compact, multiple just transition briefs, 2022-2023 **Just Transition | UN Global Compact**; United Nations and the International Labor Organization, *How Small and Medium Enterprises Can Benefit and Contribute to a Just Transition*, 2022; Shift, *Climate Action and Human Rights*, 2023. Moreover, the World Bench Marking Alliance issued in 2021 a proposed methodology to measure corporate performance on just transition, set up a working group in 2023 and is looking to issue a corporate benchmark in the future, see **Just transition | World Benchmarking Alliance**

3 **See Task Force on Climate-Related Financial Disclosures | TCFD) (fsb-tcfid.org)**

4 For example, the Strategic Ambition of the plan “shall comprise the entity’s objectives and priorities for responding and contributing to the transition towards a low-GHG emissions, climate-resilient economy, and set out whether and how the entity is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment.” See Transition Plan Taskforce | Setting a gold standard (transitiontaskforce.net). pg. 22. See also specific references throughout the guide with regards to workers, communities and consumers.

5 See **The Taskforce on Nature-related Financial Disclosures (tnfd. global)**

6 See **Directive - EU - 2024/1760 - EN - EUR-Lex (europa.eu)**

7 A company’s scope of responsibility covers own operations and value chains, determined by whether it has caused or contributed to an impact following definition in the UN Guiding Principles on Business and Human Rights and the 2023 update of the OECD Guidelines for Multinational Enterprises. Despite certain limitations in the final language of the EU Corporate Sustainability Due Diligence Directive approved in 2024, which requires companies to consider the impacts associated with their chain of activities, the norm that corporate responsibility goes beyond their own operations is by now widely accepted in global economic governance.

8 This proposed definition has been shared with BCTI’s Just Transition Working Groups for discussion.

9 There is an opportunity in the course of planning for a net zero future for companies to proactively address fundamental inequalities. In contexts where inequity already exists businesses have an opportunity to go beyond a “do harm” approach to support social inclusion.

10 While businesses have a critical role to play, it is not business alone that will achieve a net zero future.

11 It is noted that the Taskforce for Nature Related Financial Disclosure (TNFD) establishes the framework by which companies are leveraging to embed nature in their decision making. This primer seeks to draw on the elements of the TNFD, with a focus on the social aspects, as they have an important role to play in achieving a just transition.

12 **Home - Responsible climate lobbying: The global standard (climate-lobbying.com); Social LobbyMap – EIRIS Foundation – Pioneering the next steps for sustainable finance.**

13 Government has been included here, as many governments around the world have or are introducing incentives, subsidies and / or other forms of financial support to help facilitate a net zero future.



Authors

Sabrina Genter
Partner and Social Performance
and Stakeholder Engagement
Technical Community Lead, ERM

Alexandra Guaqueta
Senior Partner and Global Service
Lead, Social Impact and Human
Rights, ERM
BCTI Alternate Commissioner
and Co-Chair of BCTI's the Just
Transition Working Group

Contributors

Aiste Brackley, ERM
Max Crawford, ERM
Linden Edgell, ERM
Chris Hindle, ERM
Tobias Kaempfer, ERM
Jules Peck, ERM
Prasiddhi Shrestha, ERM

Design

Debra Janis, ERM

The ERM Sustainability Institute

The ERM Sustainability Institute is ERM's primary platform for thought leadership on sustainability. The purpose of the Institute is to define, accelerate, and scale sustainability performance by developing actionable insight for business. We provide an independent and authoritative voice to decode complexities. The Institute identifies innovative solutions to global sustainability challenges built on ERM's experience, expertise, and commitment to transformational change.

LinkedIn: [linkedin.com/company/sustainabilityinstituteerm](https://www.linkedin.com/company/sustainabilityinstituteerm)
Website: [sustainability.com](https://www.sustainability.com)