Thomson Reuters Foundation

Navigating the Just Transition:

Context, conflicts, & company practice

Contents

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Task Force-Sustainable Just Transition, Government of Jharkhand

Executive summary

This report sets out the concept of the Just Transition, focusing specifically on how and why it manifests differently across organisations. It takes a deep dive into why organisations in different sectors and regions, and of varying sizes and positions in global value chains, have differing understandings of the Just Transition. This can be due, in part, to a lack of understanding of the concept, a view that it is ultimately a "Western term", or a lack of capacity or expertise to implement an effective Just Transition strategy across an organisation.

The report highlights that the absence of a shared understanding of what a Just Transition entails results in fragmented decarbonisation strategies, which risk excluding and disadvantaging the most vulnerable communities. It combines two lenses: first, a concise overview of the global legal and normative landscape shaping Just Transition expectations as well as the conflicts that come with implementing them; and second, a case study analysis of how companies are interpreting, implementing, and communicating Just Transition in practice. Drawing on interviews with corporates and NGOs across regions—with particular attention to Bangladesh and India, where supply chains are fragmented, climate impacts are acute, and worker social protections are weaker—the report shows how differing interpretations and priorities are driving inconsistent implementation, measurement, and disclosure.

Part I sets out the context and key issues, tracing the evolution of Just Transition from its labour roots to its current global standing and catalogues the delivery tensions organisations must balance, including uneven understanding across value chains and regions, speed of decarbonisation versus inclusion and worker protections, and the role of buyer pressure in delivering a global Just Transition. It analyses worker-level impacts and documents the risks of decoupling climate transition plans from human rights due diligence (HRDD). The report also underscores regional dynamics shaping understanding and uptake of the Just Transition, especially in India and Bangladesh, and contrasts these with the role of EU-based buyers whose compliance-driven expectations often outpace local capacity.

Part II leverages findings from a series of interviews with organisations with a particular interest in the Just Transition and sets out guidance and examples of good practice. It provides insights into the importance of embedding Just Transition into corporate strategy, strengthening governance and board accountability on the topic, and integrating HRDD into climate risk analysis. It also focuses on the need to put stakeholder engagement and social dialogue at the core of transition decision-making. Finally, the report also addresses existing data gaps and the need for a data-centric approach when monitoring, evaluating, and reporting on the Just Transition.

PART I

Topic and key issues

1 What is Just Transition?

1.1 What is Just Transition? - Global landscape perspective

The Just Transition (JT) first emerged as a labour-oriented concept in the late 20th century. It has gained traction in the conversation around climate change, as it has become widely recognised that both the impacts of climate change and the impacts of attempts to address climate change affect people unevenly. Consequently, Just Transition principles have since evolved into a central framework for aligning climate action with social justice across the globe. This includes providing interventions necessary for secure livelihoods as economies shift from high-carbon to low-carbon systems.[1] Today the concept is championed by labour-rights and environmental organisations seeking fair treatment for workers and communities affected by the shift away from carbon-intensive industries.

The purpose of a Just Transition is not just to mitigate the direct risks of climate change to people, but also to address the risks of transitioning towards a net-zero economy when people are not placed at the centre of change. This concern is now reflected in international climate agreements. Notably, the Paris Agreement (2015) explicitly recognises "the imperatives of a Just Transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities" within its preamble. An inclusive approach to the Just Transition strengthens public support, unlocks opportunities for workers and communities, and advances environmental objectives, ensuring pathways to net-zero emissions are both effective and equitable.[2]

Just Transition is officially reflected through global instruments such as the UN Guiding Principles on Business and Human Rights (UNGPs), the UNFCCC and Paris Agreement (2015), International Labour Organization (ILO) guidelines, and the UN Sustainable Development Goals (SDGs), along with region and country-specific policies:

- → **UNGPs emphasise human rights due diligence, protection of labour and community rights, as well as access to remedies when these are violated.**
- → **ILO guidelines provide detailed prescriptions for social dialogue, social protection, reskilling, and the creation of decent work.**
- → **SDGs—including Goals 8, 10, 12, and 13—combine objectives for decent work, reduced inequalities, responsible production, and climate action, placing employment and equity alongside sustainability.**
- → **UNFCCC and Paris Agreement (2015) recognise Just Transition in the Paris preamble, further strengthened at COP24 (Katowice Rulebook) and COP28 (2023).**
- → **Regional and national approaches, such as the EU's Just Transition Mechanism and national policies in India and Bangladesh, highlight local realities and priorities.**

At its core, Just Transition is best understood as the social pathway that enables the green transition—including "transitioning out" high-carbon assets and activities or "transitioning in" low-carbon opportunities to meet net zero targets—by bringing people along, not leaving them behind.

If climate action is not human-focused, workers and communities globally face risks that include unemployment, income loss, exclusion from new opportunities, and deeper inequality, all of which can undermine climate progress and social stability. Yet, despite the progress that has been made in this space since the 1970s, particularly with trade unions and environmental organisations, the concept of the Just Transition remains underdeveloped and often misunderstood by those operating within the business context. Many business stakeholders lack a shared understanding of what Just Transition entails, often conflating it with general sustainability or environmental, social, and governance (ESG) commitments, and therefore often fail to embed its principles in business practices.

1.2 Tensions in Just Transition delivery

The reasons many companies fail to effectively embed Just Transition principles in their operations and strategies are myriad and are often highly affected by their capacity, regional context, and sector. Even for those companies whose leaders fully understand the concept of Just Transition and recognise its importance, delivering it involves navigating inherent tensions, especially for companies managing complex global supply chains. These tensions demand a careful balance between competing priorities, where social safeguards must be advanced alongside climate ambition.

Even if they are prioritising Just Transition, many company leaders lack standardised metrics and indicators to track its implementation. Instead, Just Transition progress is often measured by indicators developed regionally and focused on local realities. For example, India's Business Responsibility and Sustainability Reporting (BRSR) framework includes a combination of environmental and social indicators which aim to capture the transition's impact not just on emissions and growth, but also on worker well-being and marginalised communities.[3] Multilateral development banks and national governments, meanwhile, have started to build monitoring systems for Just Transition. This includes South Africa's JET Grants Register and Nigeria's gender-inclusive reporting protocols, both of which set benchmarks for others to follow.

Reporting Just Transition outcomes is equally complex. Leading businesses disclose Just Transition progress transparently within their sustainability reports and ESG disclosures, engaging stakeholders by sharing challenges, successes, and intended future steps. To enhance credibility and build trust, many companies increasingly turn to third-party verification and benchmarking—especially in response to growing investor demand for robust Just Transition data. This demand is reflected in the expansion of the investor-led ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) Project, which grew from 25 investors at its launch in 2021 to 70 by the end of 2024.

While tailoring the delivery of a Just Transition to regional contexts is important, the lack of universal reporting standards and streamlined guidance means disclosures can be fragmented, with progress often being measured differently by different organisations. This makes it difficult for stakeholders to interpret the successes and challenges of Just Transition implementation and to align the process with evolving regulatory expectations. Building on these measurement and reporting complexities, companies also face the following key tensions in delivering a Just Transition:

Lack of common understanding across value chains, sectors, and regions:

A significant tension arises from the fragmented and uneven understanding of Just Transition across the value chain, company sizes, industry sectors, and geographical regions. Larger companies, small and medium-sized enterprises (SMEs), and buyers often interpret Just Transition differently and prioritise different aspects, which leads to mismatched strategies and communication gaps. Buyers may press suppliers to transition without clear guidance on local priorities, while suppliers struggle to translate these demands into concrete, context-relevant plans. This disconnect results in uneven adoption, patchy implementation, and disparities in impact across global supply chains, often leaving social aspects behind.

Speed vs. inclusion (rapid decarbonisation timelines vs. worker protections):

The urgent need to meet climate targets and rapidly decarbonise industries can sometimes clash with the time required for comprehensive social dialogue, adequate reskilling programmes, and the establishment of robust social safety nets. When transitions are rushed, they risk sidelining the very communities whose livelihoods are most affected, resulting in outcomes that are unjust in both process and impact. Oxford University's research reveals that the pursuit of green goals has increasingly become a top-down, technocratic exercise where justice is often reduced to a performative label rather than a lived reality. Financialised climate solutions, driven by elite interests, frequently bypass the procedural and distributive dimensions of justice, leaving crucial voices such as those of locals, workers, and coal-dependent communities out of the conversation.[4]

Cost control vs. living wages and job security:

As companies invest in new green technologies and processes there can be pressure to control costs, which may inadvertently impact worker wages and benefits or lead to job insecurity if not mitigated. OECD data across 14 countries show that displaced workers from energy-intensive sectors like coal and heavy manufacturing suffer significantly higher earnings losses and job instability than those in other industries.[5] These losses stem from lower re-employment wages and difficulty transferring skills, as companies prioritise capital upgrades over labour retention. Without proactive reskilling and employment safeguards, the green transition risks deepening inequality and leaving vulnerable workers behind.[6, 7]

Supplier pressure vs. leverage and shared responsibility:

Global buyers often push their upstream suppliers to adopt sustainability standards, including Just Transition principles.[8] However, without adequate financial support, technical assistance, and shared responsibility from buyers, this pressure can translate into increased burdens on suppliers, potentially leading to adverse impacts on worker conditions or even business failure. Effective Just Transition in supply chains requires prioritising collaborative partnerships over unilateral demands. This is emphasised by research from Karaosman and Marshall who found that in the textiles sector, many global fashion giants claimed to engage in supply chain sustainability, but their Tier 1 suppliers often reported being pushed to meet paradoxical requirements—for example, demands for water-intensive designs and colours but also water-footprint reduction, better quality products as well as cost reduction, and increased production alongside stricter sustainability criteria. This is significant because Tier 1 suppliers produce just 20 per cent of the finished garments for their supply chains, while outsourcing the remaining 80 per cent to "shadow" subcontractors. The conflicting quality and sustainability demands from buyers were therefore cascaded onto lower-tier suppliers by Tier 1 suppliers.

AI-enabled efficiency vs. displacement/deskilling risks:

The adoption of advanced technologies like artificial intelligence (AI) can enhance efficiency and sustainability in operations. However, it also poses the risk of displacing jobs for certain routine tasks and deskilling workers whose roles become more automated. A Just Transition framework must proactively consider how to leverage AI's benefits while managing these workforce implications, including reskilling for higher-value tasks and ensuring that technology serves human well-being.

2 How Just Transition impacts workers

The transition to a low-carbon economy is reshaping the lives and livelihoods of workers. The social and economic impacts of a climate transition that is not deliberately "just", for example, ripple across job structures, skill requirements, security, equity, health, and supply chain dynamics.

While this affects workers globally, it often has the most profound consequences for those in developing countries, such as India and Bangladesh, where informal sectors dominate.[9]

It is also often the case that negative impacts arising from the green transition are most felt by workers and individuals from already vulnerable or marginalised groups, including labourers, women, migrants, youth, and aging workers.[10]

2.1 Shifting job structures, reskilling, and job quality

As economies evolve, high-carbon industries like coal mining and conventional manufacturing are declining, while roles in renewable energy, waste management, and green construction expand. In India, the decline of coal threatens millions who rely on the sector for income. Similarly, Bangladesh's move towards automation in textiles is disrupting employment patterns, favouring technical skills that many current workers do not possess.[11]

This transformation creates both opportunities and inequities. Reskilling has become critical, yet access to training remains highly uneven. Barriers such as high costs, inaccessible training locations, limited education, and lack of awareness prevent vulnerable groups such as women, migrant workers, youth, and older workers from participating in programmes. For instance, women working informally in Bangladesh's garment sector rarely benefit from upskilling due to childcare responsibilities, low literacy, and entrenched social norms.[12] Even when training exists, it may not match market needs or provide recognised certification. The International Labour Organization (ILO) says that, without deliberate inclusion strategies, the green transition could deepen existing inequalities rather than reduce them.[13] The implications of neglecting to prioritise training schemes can be seen in the case study below.

Country case study

India's coal belt (2023)

In Jharkhand, India, coal workers face significant barriers to reskilling amid the sector's decline. The 2023 EY "Climate Trends" report reveals that 94 per cent of coal workers had never participated in any training programme. Among those who did, 24 per cent were involved in renewable energy training, but 45 per cent believed they lacked the requisite skills for alternate sectors. In districts like Giridih and Dhanbad, unorganised workers are particularly vulnerable, with low education levels (35 per cent have no formal education) and limited awareness of mine closures (59 per cent unaware), exacerbating skill mismatches and leaving workers prone to unemployment and poverty.[14]

2.2 Equity impacts: ensuring no one is left behind

A wide spectrum of workers, including women, migrants, and members of the informal workforce, are at heightened risk of being left behind in the green transition. They frequently miss out on reskilling and upskilling because training is costly, far from where they live, scheduled at incompatible hours, delivered only in dominant languages, or unavailable to those without formal contracts, documentation, or digital access.

These groups are routinely excluded from social and policy dialogue and collective bargaining, leaving them with limited influence over how transition plans are designed, financed, sequenced, and monitored. Structural barriers—such as discriminatory hiring practices, caregiving responsibilities, unsafe or inaccessible workplaces, weak labour protections, and limited recognition of prior learning constrain their entry into new sectors.

An ILO analysis of green skills across 32 countries indicates that, without deliberate policy action, the energy transition will likely create more employment opportunities for men than women. Female workers are already at a professional disadvantage, with more women than men being employed in "low-paid and informal jobs [which are] less frequently subject to labour standards or occupational health and safety rules and regulations".[15] Women are also less likely to have the opportunity or the resources to collectively organise to negotiate improved conditions, an essential aspect of ensuring workers are not left behind in a Just Transition. Further research carried out in 2016 found that 100 out of 173 countries surveyed restricted women from pursuing the same economic activities as men or directly prohibited women from holding particular jobs. These limitations still exist in many places today, especially in the energy sector, where cultural and social norms, gaps in skills and training, security concerns, and the remoteness of field sites often hinder women's participation, retention, and advancement in the sector.[16]

For migrant and informal workers, precarious employment status and lack of social protection increase the risk of being left behind in the green transition. Research shows that labour market regulations have consistently failed to protect informal workers through the denial of basic human rights such as labour rights, job stability, workplace health and safety, and just wages.[17] This was evidenced in the fallout from the COVID-19 pandemic when, due to a lack of social protections, informal workers were disproportionally affected. About 1.6 billion workers in the informal economy faced turmoil due to COVID-19, experiencing an average 60 per cent drop in their earnings.[18] As a result, cultural, gender, and economic barriers compound to make emerging green jobs inaccessible or insecure, perpetuating wage gaps and occupational segregation and undermining the promise of a just, inclusive transition.

Country case study

Women's participation in green jobs in India and Bangladesh (2022–2024)

Across India and Bangladesh, women remain under-represented in green sector employment due to safety concerns, limited access to STEM education, and inflexible work schedules. In both countries, women have historically concentrated in informal or low-skilled roles (e.g., textiles, agriculture), which limits their entry into emerging opportunities in renewable energy, waste management, and sustainable agriculture. National initiatives, such as India's Skill India mission, along with targeted NGO partnerships, are responding by providing green skills training and wraparound support services, including childcare and safe transport, to reduce participation barriers.

In rural Gujarat, India, innovative programmes train low-income women as solar technicians, pairing technical instruction with community engagement and practical supports to overcome local social norms. In Bangladesh, the garment sector offers a complementary pathway: Supply chain actors are piloting collective bargaining approaches specific to green supply chains. Negotiations among factories, workers, and buyers have led to improved pay and working conditions for contract labour, demonstrating how social protection measures can be integrated with environmental goals to enable a more equitable and sustainable transition.[19]

2.3 Supply chain implications: interconnected risks and opportunities

The Just Transition is not confined to local contexts; it reverberates through global supply chains. Buyers are increasingly demanding greener and fairer products, but many small suppliers lack the resources or expertise to comply. Without financial support, knowledge-sharing, and long-term partnerships, these suppliers risk delays, reduced competitiveness, and, ultimately, survival challenges. For workers, this can translate into job losses, wage cuts, or unsafe working conditions if costs are passed down the chain. A genuinely fair Just Transition therefore requires buyers to move beyond compliance-driven demands toward collaborative investment in supplier capacity, ensuring that climate and social goals are pursued together.

Supply chain risk	Evidence cues	Implication for workers	Implication for buyers
Decarbonisation policy	Falling demand for carbon-intensive goods, closures	Job loss, obsolete skills, migration	Supplier attrition, higher costs, lack of parts
Reskilling gaps	Low enrolment, low pass rates, high turnover	Unemployment, informality, widening wage gap	Skilled labour shortages, missed targets
Job quality issues	Worker grievances, temporary contracts, safety lapses	Exploitation, stress, poverty	Scrutiny, compliance/legal risk
Buyer pressure	Supplier bankruptcies, cost-cutting visible in safety or wages	Unsafe conditions, forced labour risk	Operational disruption, reputational harm
Extreme heat	Absenteeism, fatigue, heat illness, lower productivity	Increased illness, lost wages, unsafe work	Supply chain delays, reputational damage, increased costs

3 Just Transition language, narrative, and corporate strategy fit

Companies lack a shared, practical understanding of what a Just Transition means across regions, sectors, and supply chain tiers.

As a result, strategies often split into climate-first plans with weak people outcomes or HRDD-first plans without credible decarbonisation pathways. This disconnect can undermine united efforts on governance, supply-chain resilience, and decision-useful reporting. While this is a global issue, it is especially pertinent in areas like South and Southeast Asia, where supply chains are highly fragmented and social protections for workers are often more limited.

Having a standardised approach and clear best practice guidance on how to integrate climate targets with HRDD metrics, and how to ground plans in structured engagement with rights-holders and supply-chain partners, is an important step in managing the operational, systemic, and reputational risks associated with the transition to net zero. Governments, civil society, investors, and businesses are creating initiatives to try and bring this consensus. However, fragmentation persists, with organisations across industries, sectors, and regions often prioritising activities such as carbon accounting, the roll-out of new products, or short-term cost optimisation in their transitions to net zero, while undervaluing the business risks of neglecting human and worker rights in their transition plans.

3.1 Regional terminology and deep supply chain perspective

Interpretations of Just Transition are shaped decisively by local context.

India

In India and many other places, the Just Transition is a relatively underused and misunderstood concept, despite being a very salient issue. Within India, reliance on the fossil fuel sector (particularly the coal industry) is high—the country is the world's second-largest coal producer. Millions of workers are engaged directly in coal mining, transportation, and associated industries. According to the most recent data available, over 69 per cent of all mines are open-cast mines, where rocks and minerals are extracted close to the earth's surface, and they employ at least 25 per cent of India's total workforce.[20]

Yet despite this, according to Ajay Kumar Rastogi, Chair of the Taskforce on Sustainable Just Transition, the term "just transition" is still perceived as a largely western import, which limits its resonance with early phasing out of coal and hovers around formal workforce, policymakers and industry. He states that "in coal-dependent states like Jharkhand, the transition conversation starts with livelihoods and economic security and development of the green economy with emphasis on environmental semantics". Large shares of the workforce are informal, education and skilling gaps are real, and entire district economies are interlinked with coal value chains and related industries. When the concept of just transition is presented without this grounding, it can be seen as abstract and negative, often synonymous with loss of jobs and revenue, rather than as a practical planning tool for diversification, reskilling, and investment. That disconnect slows buy-in from local officials, private sector partners, and communities, making it harder to convert into a unified just transition effort.

Despite some policy momentum (e.g., India's Long-Term Low Emission Development Strategy), most businesses frame transition initiatives around renewable energy expansion, efficiency, and competitiveness, rather than social safeguards or reskilling. Within supply chains, especially textiles and agriculture, compliance with global buyer standards often substitutes for a true just transition strategy; thus, supplier companies remain reactive rather than proactive.[xxi]

Positively, however, according to Rastogi:

"The Government of Jharkhand, is realising the importance of just transition, its impact, and [the] upcoming opportunity, constituted the task force [on] sustainable just transition. This is the only task force in India. The task force is able to bridge this gap, and a positive narrative has been set. Policy makers and the governance system in the State [have] understood that [a] sustainable just transition [is] giving an opportunity for early planning and [for] diversifying its economy, which is [becoming] greener, and [the] workforce is capacitated/skilled so that they are engaged in new greener avenues and the impact of just transition is mitigated. [The] Task force has already released the "framework of just transition", which emphasises on equity, justice, gender, inclusivity, and Sustainability. To attain these, eight thematic areas are defined and their levers have been identified so that [the] State becomes future ready."

Bangladesh

In Bangladesh, the need for a transition to net zero is particularly pertinent as the country is currently the 7th most climate risk-affected country. A projected 50 cm rise in sea level could cause the country to lose about 11 per cent of its land by 2050, affecting 15 million people.[21] Despite the pressing need to tackle climate change, however, research from the Ethical Trading Initiative (ETI) has found "a very low level of awareness on climate change, Just Transition, and environmental sustainability among key stakeholders".[22] Furthermore, it found that most do not see any correlation between energy transitions and worker rights. Only 7 respondents from the 50 sample factories indicated that they had heard of Just Transition. Equally, Bangladeshi company DBL Group has found that, regionally, many business leaders in the country often see the Just Transition as "basically sustainability" and often conflate it with wider ESG efforts. Many companies, therefore, simply report to existing due diligence and governance frameworks, rather than considering specific Just Transition indicators. This in part stems from the belief that, ultimately, good governance is the key to good environmental incomes, along with the view in the region that the Just Transition is a "very western-dominated term".

As in India, Bangladesh's transition is defined more by climate vulnerability and sectoral dynamics. The Mujib Climate Prosperity Plan nods to equity, yet local suppliers, especially in the garments industry, primarily focus on buyer sustainability compliance and tariff negotiations, underestimating the broader worker and social risks. The lack of mutual understanding and joint planning between buyers and suppliers means Just Transition risks—including job losses, skills gaps, and local displacement—remain unaddressed, creating significant supply chain vulnerability.

Southeast Asia (Indonesia, Vietnam, Thailand)

Across Southeast Asia, transition conversations revolve around balancing coal phaseouts, renewable growth, and manufacturing competitiveness. Fragmented local supply chains, informal labour, and limited coordination with global buyers leave millions exposed to transition shocks.

Vietnam is one of the world's fastest-growing per capita greenhouse gas (GHG) emitters, with its emissions quadrupling between 2000 and 2015. The country is also among the five most vulnerable to the impacts of climate change.[23] However, the Just Transition has become a highly contentious topic in the country. Research from International Rivers recently found that the suppression of climate and environmental activists in Vietnam has damaged the ability of key initiatives in the region, such as the Just Energy Transition Partnership (JETP), to deliver on their aims. The 2024 report found that "over the last few years, Vietnamese authorities have unjustly arrested and imprisoned six prominent climate leaders, experts, and advocates, and increased crackdowns on independent organisations working on environmental and energy issues in the country".[24] This has severely limited genuine opportunities for consultation with civil society, an essential part of JETP. Without government support, companies and civil societies alike are struggling to establish a cohesive Just Transition movement in the country.

The adoption of the Just Transition as an overarching concept in Indonesia has gained significant traction since 2022, when the country held the G20 presidency. Indonesia's government has set ambitious targets to reduce GHG emissions by 29-41 per cent by 2030 and achieve net-zero emissions by 2060. To meet these goals, it has committed to decommission coal-fired power plants by 2050 and cancel some coal projects currently in development.[25] In spite of these positive steps, roll-out of Just Transition policies have been fragmented, and uptake from companies has been varied. Efforts have focused primarily on the energy transition and often give limited attention to social justice.

Social justice concerns are excluded from a range of reports on Indonesia's decarbonisation policies. For example, the international Deep Decarbonisation Pathways (DDP) project explains in its report on Indonesia that because the DDP's focus is on how far countries can decarbonise "there is no explicit discussion of … resolving the equity dimension", even as it recognises that "further consideration of enabling mechanisms [for equity outcomes] is required".[26] Without clear support from the government, companies in Indonesia lack the internal expertise to develop credible transition plans, even if they have a clear understanding of the concept.

Country case study

Vietnam's hydropower plants (2025)

Where supply chain Just Transition is weak, communities and workers become collateral damage. Informal workers, women, and migrants—already under-represented in formal employment—risk losing jobs and protections with no safety net in place. In Vietnam, green job pilot programmes have sometimes bypassed local consultation, leaving contract workers and women without access to new opportunities or social dialogue. Hydropower development, while advancing national climate goals, has often displaced Indigenous populations and caused significant economic and social hardship.

A 2025 study found that in northwest Vietnam, multiple small hydropower plants have caused loss of farmland, reduced fishing resources, and forced migration. Over 200,000 people—approximately 90 per cent from ethnic minority groups—have been displaced, frequently without adequate resettlement support, compounding poverty and inequality. Women have lost traditional livelihoods and shifted to wage employment under challenging conditions.[27] These developments have led to a steep decline in rice production for many households and exacerbated social disparities. The Trung Son hydropower project exemplifies efforts to manage such impacts through inclusive stakeholder engagement and social mitigation measures, yet broader challenges remain across the sector.[28]

Europe (focused on global buyer perspective):

Large international buyers (primarily EU-based) are increasingly recognising the environmental impact of their operations and actively integrating green development strategies into their business practices. This means they consider Just Transition to be a well-established concept, and one which is heavily embedded in the company's operations and strategy, particularly when it comes to their procurement policies. This has a direct impact on smaller supplier firms operating in different regions because it affects procurement decisions, collaboration requirements, and environmental standards.[29]

European buyers are often subject to more stringent non-financial reporting requirements, including the Corporate Sustainability Due Diligence Directive (CSDDD) and Corporate Sustainability Reporting Directive (CSRD). This regulatory pressure can be passed down the supply chain, with buyers demanding Just Transition data from their suppliers. It is common for European buyers to expect suppliers to demonstrate comprehensive worker protection, reskilling, and local impact so that they, in turn, can demonstrate oversight of their supply chains to key stakeholders.

Such expectations can be challenging for small businesses, as European regulatory requirements often do not align with local realities, where resource, governance, and awareness gaps are rife. Lack of supply chain integration can surface in abrupt order shifts, factory closures, and community hardship—exemplified when US tariffs disrupted garment production in Bangladesh and India, stalling livelihoods overnight and undermining Just Transition principles.[30]

There is positive research, however, which shows that this regulatory pressure from buyers, when combined with appropriate capacity building, can lead to positive Just Transition outcomes. Research carried out in 2022 found that "dominant buyers can impose stricter environmental standards on suppliers", while additional research found that buyer firms have a significant impact on suppliers' green behaviour as suppliers that fail to meet buyer firms' green procurement requirements run the risk of losing business opportunities or facing competitive disadvantages.[31, 32]

3.2 Integrated analysis: supply chain risks and consequences

The lack of a common understanding of Just Transition across global supply chains is a systemic risk, especially in South and Southeast Asia, where human and operational stakes are high.

Companies often work with fragmented frameworks. Many multinational buyers, for example, focus on measurement frameworks such as the Greenhouse Gas Protocol or CDP Supply Chain. These prioritise carbon footprint and reduction metrics. In contrast, governance-oriented frameworks, such as the ILO Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All or the World Benchmarking Alliance's Just Transition Indicators, emphasise social dialogue, social protections, worker reskilling, and stakeholder engagement as key metrics for supply chain disclosure. Additionally, regional models like India's Just Transition Framework integrate economic diversification, social welfare, and labour retraining into supply chain risk planning.[33]

This divergence between carbon reduction for climate reporting and broader governance or social criteria creates major comparability challenges for companies disclosing to different audiences. While some platforms expect detailed emissions data, others require evidence of equitable labour practices or community investment. Without alignment, disclosures remain patchy and hard to benchmark, raising operational risks and audit fatigue for suppliers.

Supply chain pressure is particularly acute for SMEs. These companies face demands from buyers to adopt Just Transition plans, yet they lack the necessary resources, clarity, and operational frameworks to provide meaningful workforce support or meet new environmental safeguards. When global buyers pivot on sourcing strategies (for example, the US recently imposing tariffs of up to 3,521 per cent on solar panel imports from several southeast Asian countries), factories in Bangladesh and Southeast Asia face abrupt closures and worker layoffs, intensifying local hardship and economic instability.[34, 35]

3.3 Corporate Just Transition strategy: differences by region, sector, and scale

Just Transition looks radically different for multinationals with robust governance and regional suppliers with limited oversight.

Large multinationals

Tend to have cross-functional steering committees, integrate Just Transition into ESG and HR policies, set key performance indicators (KPIs) for supply chain engagement, and, where mature, invest in reskilling, social dialogue, and stakeholder engagement. Best practices involve embedding Just Transition in board-level strategy, supply chain audits, and transparent reskilling programmes.[36]

Regional suppliers/SMEs

Often lack capacity for standalone Just Transition strategy, facing buyer-driven compliance pressure without clear frameworks, budgets, or dialogue channels. Many suppliers experience Just Transition as a risk to operations, not a pathway to resilience, unless buyers co-invest and support adaptation efforts.

There is no dedicated global Just Transition framework. Companies instead rely on indirect guidance (UNGPs, UDHR, CSRD, OECD Guidelines, SDGs), leading to fragmented practice. The intangible nature of Just Transition means governance must span sustainability, HR, operations, and legal, but without specific guidance, implementation remains inconsistent.

3.4 Investor/buyer relevance

A weak or fragmented Just Transition strategy exposes companies to significant financial, reputational, and operational risks—particularly in the eyes of investors and buyers, who increasingly demand holistic sustainability that encompasses environmental integrity and social equity. Firstly, poor Just Transition integration elevates systemic risk, where failure to plan for workforce and supply chain impacts can impact long-term transition efforts. According to the Thinking Ahead Institute, Just Transition and inequality are considered systemic risks that have the potential to derail the broader carbon transition. Yet many investors remain unwilling to absorb any associated financial trade-offs, exposing companies to strategic stagnation.[37]

In addition, inadequate Just Transition planning undermines investment attractiveness. Without robust Just Transition frameworks, investors face regulatory and reputational hazards. As Aberdeen Investments notes, an “unjust” transition may trigger protests, fines, employee unrest, or loss of social licence—each of which has direct implications for investor confidence.[38]

4 Impact assessment gaps

Just Transition means addressing both environmental footprints and the impacts of climate strategies on workers and communities across supply chains. Yet most assessments focus on environmental factors and social issues separately. This weakens risk detection and undermines the credibility of transition plans. To be credible, assessments must integrate worker and supplier perspectives alongside climate metrics.[39, 40]

4.1 Process gaps in worker and supplier assessments

Worker-level gaps

Assessments frequently omit how decarbonisation affects people directly. Missing areas include reskilling and redeployment pathways, wage and job-quality implications, and health and safety risks, particularly under rising heat conditions. Without these, companies underestimate the costs of transition and the risks of labour unrest or attrition.[41, 42]

Supply-chain gaps

Equally absent are assessments of supplier realities. These include capacity to invest in upgrades, labour standards beyond Tier 1, and delivery risks during climate shocks. Supply-chain exposure is material to buyers, with disruptions in India and Bangladesh, for example, reverberating across global apparel, cotton, and textile markets.[43, 44]

Materiality bias

Many companies' double materiality exercises remain imbalanced, weighting environmental over social issues. CO_2 reduction and renewable-energy metrics dominate, but there are few linked social indicators, such as percentage of workers retrained without wage loss, share of suppliers with heat-safety upgrades, or on-time delivery rates during disruptions. This undermines transparency on whether climate actions are delivering fair outcomes.[45] KPMG's global survey shows climate dominates reporting, while workforce and value-chain workers are under-represented, skewing budgets and KPIs.[46]

Weak engagement

Workers and suppliers are rarely meaningfully involved in assessment processes. This leads to blind spots on retraining needs, safety adaptation, or feasible compliance timelines—making transition plans unrealistic and difficult to execute.[47]

4.2 The environment–social disconnect

Climate targets without social anchors

Many companies publish net-zero or decarbonisation commitments, but few align these ambitions with the realities of workforce transition and supplier adaptation. Missing elements typically include:

- Workforce transition budgets that underwrite reskilling, redeployment, and wage protection.
- Social performance indicators such as the percentage of workers retrained while maintaining earnings, benefits, or job security.
- Supplier adaptation strategies addressing the financing of retrofits, access to cleaner technologies, or contingency planning for climate-related disruptions.

Without these social anchors, climate goals remain detached from operational feasibility. The result is an imbalance in which environmental progress may come at the expense of social stability, generating both delivery risk and investor concern.[48]

Procurement practices pushing costs downstream

Commercial practices often determine how transition costs are distributed across supply chains. Aggressive pricing, compressed lead times, delayed payments, and unilateral compliance requirements routinely shift financial and operational burdens onto suppliers. In practice, this can lead to:

- Wage suppression or erosion of worker benefits.
- Extended or intensified working hours, often without adequate safeguards.
- Increased reliance on informal subcontracting arrangements with limited oversight of labour conditions.

Empirical evidence across global supply chains demonstrates that poor procurement practices correlate with weakened labour standards, heightened informality, and diminished supplier resilience.[49] For suppliers, this erodes their financial capacity to invest in transition measures; for buyers, it increases the risk of delivery failures, non-compliance with emerging due diligence regulations, and reputational damage. Businesses in India and Bangladesh often form the upstream supply chain ecosystem and such cost pressures make it unviable for them to invest in Just Transition.

Implications for transition credibility

Unless climate targets are explicitly linked to worker protection and supplier adaptation measures, companies risk building transition strategies on fragile foundations. For investors and companies, this environment–social disconnect translates into incomplete risk management. Portfolios and procurement strategies may appear aligned with climate goals, yet remain vulnerable to hidden labour disruptions, supply chain fragility,and escalating stakeholder scrutiny.

4.3 Local realities: India and Bangladesh

Bangladesh

The ready-made garment (RMG) sector underpins Bangladesh's economy: It employs over 4 million people and contributes approximately 80 per cent of the country's export earnings.[50] This concentration makes it highly vulnerable to climate shocks.

A recent study by Cornell University's Global Labour Institute and Schroders predicts that extreme heat and flooding could slash apparel export earnings by 22 per cent by 2030, putting about 950,000 jobs at risk.[51] This was starkly illustrated during a 2024 heatwave, when factories reported a 10–15 per cent drop in attendance and up to five hours of production delays per day, causing production disruptions and urgent buyer interventions.[52]

India

India's garment value chain faces a different climate pressure. By 2040, an estimated one-third of the country's cotton-growing regions will face high climate risk, driven by heatwaves, water scarcity, and drought conditions.[53] This threatens fibre supply, which cascades through spinning and garment manufacturing. Compounding the risk is the industry's reliance on migrant and informal workers—often without contracts or formal protections.

When suppliers are forced to absorb adaptation costs, these workers bear the burden through wage suppression, excessive hours, or unsafe subcontracting practices.[54] Investigations in Tamil Nadu's textile mills uncovered patterns of exploitative overtime and informal labour deployment, underscoring how social risk and supply-chain risk intertwine.[55]

These dynamics show why both worker and supplier perspectives matter. Workers face job insecurity, health risks, and income loss, while suppliers struggle with cost pressures and weakened resilience. Ignoring either side understates transition costs and overstates climate progress.

For investors, this creates mispriced risk: portfolios may look environmentally aligned but rest on fragile social and operational foundations. For companies, such misalignments may impact long-term business viability. For small businesses in these countries, this could cost their licence to operate and cause them to lose business to competition.

4.4 Implications and opportunities

Impact assessment gaps carry consequences for all stakeholders in the value chain. For companies, failing to connect climate targets to workforce and supplier realities results in incomplete risk management, from supply disruptions to compliance breaches. For workers, weak engagement means job insecurity, suppressed wages, and unsafe conditions. Suppliers face escalating cost pressures without the capacity to adapt, while buyers risk reputational damage if social harms emerge in audited supply chains. Investors, in turn, are left with mispriced portfolios, as climate alignment is overstated while social fragility remains hidden.[56] [57]

These gaps can be addressed through integrated worker and supplier impact assessments that embed social dimensions into transition planning. This requires dedicated budgets and KPIs to track outcomes such as reskilling, wage protection, and supplier resilience, alongside accessible remedy systems for workers affected by transition pressures. When companies treat workforce and supply chain perspectives as central rather than peripheral, transition plans become both credible and investable, reducing stakeholder conflict and strengthening delivery of long-term sustainability goals.[58] [59]

PART II

Solutions and examples of good practice

1 Clear strategic direction with focus on workers

The need for a comprehensive strategy to prepare companies for a sustainable, low-carbon economy that is both fair and inclusive is increasingly clear. For this to be delivered effectively, it cannot be driven solely by environmental, social, governance, or operational considerations. Instead, it must integrate all dimensions into a single, cohesive strategy that manages interconnected risks together. For the decarbonisation transition to be delivered in accordance with SDG 8—promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all—there must be a clear human rights focus at the core of company Just Transition strategy.

Without that focus, workers and communities in general are at risk of being negatively impacted by the transition to net zero. For example, in the transition away from carbon-intensive industries like coal or oil mining, there is the risk of severe job loss which can massively impact workers and their families. Meanwhile, the proliferation of new green technologies can strain natural resources, including an increased demand for water in already water-scarce areas, putting local communities and households at risk.[60] Equally, there is a risk that the net-zero transition can exacerbate existing social inequalities, for while the green transition will likely have a net-positive impact on jobs, these will be concentrated on certain sectors, regions, and roles, leaving some subsets of workers behind.[61]

More than this, a non-human-centric approach to the green transition can present vast material risks to the company itself. Companies prioritising inclusion practices that increase workers' satisfaction regularly experience positive effects on productivity levels, while comprehensive stakeholder engagement with workers and local communities serves to reduce reputation risks and increase acceptance rates of their projects within the community at a lower cost.[62] Moreover, workers who feel supported by their employer in the green transition, through initiatives like reskilling training or wage guarantees, are likely to be more loyal and remain with the company for longer. This results in lower transaction and operational costs, which improve a company's competitiveness.[63]

1.1 Common understanding of Just Transition concepts and language

For a company to develop a comprehensive transition strategy with people at its core, it first requires a shared, organisation-wide understanding of, and language for, the Just Transition itself. There is a persistent lack of shared language and common understanding around the Just Transition, particularly when it comes to integrating the two areas of environment and human rights, which are regularly siloed.[64] There is growing concern that if companies do not establish clear terminology for their transition strategy, the concept could be misused to lower ambition, particularly if firms simply rebrand existing programmes as Just Transition, thereby sidestepping the business model changes, social dialogue, and stakeholder engagement central to the concept.[65] The worry is that, in practice, some companies are invoking Just Transition as a form of "climate delayism".[66]

To avoid this, it is recommended that companies build their Just Transition strategy off the back of established definitions, such as the ILO's 2015 Just Transition guidelines, the 2015 Paris Agreement, the UNGPs, and the 2018 Silesia Declaration on Solidarity and Just Transition. In one form or another, all of these texts share the Silesia Declaration's insistence that "Just Transition of the workforce and the creation of decent work and quality jobs are crucial to ensure an effective and inclusive transition to low greenhouse gas emission and climate resilient development".[67]

To achieve this, first steps for a company include:

- **Adopt a company-wide definition** aligned to these frameworks, clarifying that Just Transition focuses on green and sustainable transitions and centres workers' rights, decent work, and robust social dialogue.

- **Create an internal glossary** covering key terms (e.g., transition risks, social dialogue, decent work, reskilling, remediation, affected stakeholders, living wage) and embed it in policies and training documents.

- **Adopt widely recognised external definitions** for Just Transition concepts to help create a shared company vision for the Just Transition.

Case study

The World Bank – Just Transition taxonomy (2024)

The World Bank has extensive experience supporting countries where coal mines and power plants are closing, wherever they are in the transition process. This includes looking at the interdependencies between the decommissioning of coal assets—such as mining, transport, and power plants—and developing renewable energy programmes to take their place. Since 1995, the World Bank has provided more than $3 billion to support government as they close coal mines and power plants and ensure a Just Transition that safeguards jobs and income in affected communities.[68]

Crucial to this is their Just Transition Taxonomy, which leverages a results-based financing (RBF) model to disburse funds only when specific social and economic outcomes are met. For these to be demonstrated, financial organisations must have effectively measured and reported these outcomes according to clear external criteria. The Taxonomy identifies 57 economic activities to guide investments that support a Just Transition in the coal sector, distributed across three pillars: governance, people and communities, and repurposing of former coal mining lands. The Just Transition Taxonomy is accompanied by a narrative report to frame, contextualise, and explain how to use the taxonomy. Through it, the World Bank provides not only a shared criteria and measuring system for the Just Transition, it also creates a unified language and common approach.[69]

CSO case study

Ethical Trading Initiative

In Bangladesh, Just Transition is still a relatively new concept, with many stakeholders having only encountered the term in the past two to three years. Often, it is conflated with climate change or treated as a standalone "solution" rather than an ongoing process. ETI's experience shows that this confusion can stall meaningful action and exclude workers from decision-making, as transition discussions are frequently enterprise-driven with limited worker engagement. ETI's "green social dialogue" pilots in Bangladesh demonstrate how framing can unlock worker-centred conversations, identifying issues like heat stress, ventilation needs, and rising sickness that standard audits often miss.

1.2 Governance and board accountability

For a Just Transition strategy to succeed, it must be fully embedded with wider company strategy and core commitments, including achieving the Sustainable Development Goals, International Labour Organization standards, and decarbonisation targets. This requires full board oversight to approve a Just Transition vision with clearly defined financial and non-financial outcomes, as well as to embed this vision into core strategy and day-to-day operations. This includes updating core governance documents like the code of conduct, supplier code, human rights policy, and due diligence pledges.

To fully embed Just Transition principles into formal decision-making structures, a company's board can leverage cross-functional steering committees and working groups to drive the agenda forward. These governance mechanisms serve to "bring together representatives from various functions, including sustainability, legal, procurement, human resources, and communications, fostering cross-functional alignment on Just Transition strategies and initiatives".[70]

Corporate case study

DBL Group – board oversight and Just Transition governance

DBL Group is a family-owned conglomerate based in Bangladesh with businesses spanning apparel, textiles, textile printing and washing, garment accessories, packaging, ceramic tiles, pharmaceuticals, dredging, retail, and digital services. Amid the difficult climate surrounding the textiles industry in Bangladesh—particularly from the workers' rights and environmental perspectives—DBL Group has taken major steps in implementing sustainable practices while remaining focused on worker wellbeing. It has put sustainability at the core of its strategy and operations by developing a top down Sustainability 5.0 framework built on five pillars: people, process, product, community, and environment.[71]

DBL's board sets and monitors a clear inclusion agenda as part of the company's transition strategy, mandating a target to increase women's participation from 8 per cent to 20 per cent and overseeing delivery through funded, inhouse programmes. Board engagement includes quarterly briefings on due diligence expectations and progress (e.g., Women's Empowerment Principles signatory status, first sustainability report), while management implements board-approved initiatives such as a two-month women's empowerment curriculum, partnerships that provide 1,800 women access to community services, and pilots like UNICEF's Mothers@Work. Early outcomes including low attrition (2 per cent) and expanded support for maternal health and childcare, illustrate how active board oversight links people KPIs to climate-transition execution.

Corporate Case Study

Board Oversight and Just Transition Governance

A global pharmaceutical and biotechnology company has developed a top-down just transition strategy based on the ILO's just transition guidelines and the Council for Inclusive Capitalism's Just Transition Framework for Company Action. It has embedded just transition principles within its core governance by consolidating 1000+ internal policies into a streamlined set under a proprietary management system designed to prioritize strategic execution over policy proliferation.

Because generic just transition frameworks do not always fit sector specific realities, for example, the company is not undertaking major fossil to renewables shifts and anticipates limited direct workforce disruption, it created a company specific just transition framework and participates in industry working groups to develop guidance on integrating just transition into corporate climate transition plans.

Within this governance model, the company emphasises workforce priorities—including fair compensation, development opportunities, and health and safety—and sets concrete targets, like providing safe drinking water, sanitation, and hygiene at all sites, including remote seed-production fields. Supplier governance is cascaded through a Supplier Code of Conduct (which is made mandatory in purchase orders and under revision) and risk assessments via the World Bank's World Development Indicators, EcoVadis, Together for Sustainability (TfS), and the Pharmaceutical Supply Chain Initiative (PSCI), coupled with engagement to co-develop Scope 3 carbon reductions. Together, the company's governance system and tailored framework demonstrate board-level accountability translated into streamlined oversight, clear expectations, and operational delivery.

1.3 Embedding human rights due diligence in climate risks strategy

Traditional climate risk analysis can often be insular, focused on risks to the business and missing risks to people.[72] To combat this, companies with the best Just Transition policies expand the remit of their climate risk due diligence so that it includes assessing the human rights risks across both direct operations and the value chain.

In practice, this involves mandating human rights risk checks for every major climate action (either mitigation and adaptation), running them alongside climate scenarios, and using the results to decide whether to approve operational or strategic actions like spending, site changes, new technologies, or supplier programmes. Central to this is setting clear worker and human rights standards as prerequisites for any climate action, including base safeguards for living wages, reskilling and redeployment, health and safety, non-discrimination, access to remedy, and social protections. By measuring these worker and human rights outcomes alongside carbon emissions, companies can embed HRDD in their climate strategy and thus improve the chances of a Just Transition.

One example, set out by the NGO Shift, includes a mining company carrying out risk analysis on a new site mining a transitional mineral such as cobalt.[73] A non-human-centric approach to this due diligence may class the risk to the business as low (particularly if there is limited exposure to climate hazards), as the demand for the transitional mineral is likely to continue growing. Add in an HRDD element, however, and the physical risks to workers in the mines may be extremely high, particularly in geographies with lower standards of occupational health and safety, due to higher temperatures or increasing cases of vector-borne diseases due to climate change.[74]

1.4 Putting stakeholder engagement at the forefront of Just Transition strategy

As set out in the ILO guidelines, stakeholder engagement and social dialogue are the lynchpin of a successful Just Transition. Companies therefore benefit from building the development and delivery of their transitional strategies off of robust stakeholder engagement. From a company strategy perspective, this involves understanding who the target stakeholders are, be they government, customers, suppliers, workers, or communities, and creating a tailored engagement strategy for each stakeholder group. By harvesting information from these engagement efforts and inlaying it into decision-making processes, companies can ensure their Just Transition strategies are inclusive.

This can be achieved by converting stakeholder insights into a clear format outlining the impacts of an issue (including who is affected, likelihood, urgency, and the company's ability to influence) and presenting these to the board alongside financial reports and targets. From here the board and other supporting structures can determine options and mitigations, with social investments where appropriate. Possible mitigation measures may include investing in reskilling, community benefit commitments, and grievance channels). Crucially, the feedback from stakeholder engagement should not be one-off. Instead, it should remain active with ongoing engagement efforts, such as quarterly consultations, with the board being periodically presented with the results of grievance and feedback channels for them to routinely review mitigation plans.

Government Case Study

The taskforce on Sustainable Just Transition, India – stakeholder engagement

To help deliver on its net-zero ambition, the government of Jharkhand in India formed a multi-departmental Taskforce on Sustainable Just Transition in 2022, with the aim of identifying innovative pathways for transitioning to a non-fossil fuel-based ecosystem; assessing the impact on the economy, workers, and communities; identifying opportunities in green sectors; and recommending policy interventions.

The taskforce recognised that success in its mission required building its policies and recommendations on stringent stakeholder engagement with all affected parties. To deliver this effectively, in May 2025, the taskforce together with the Center for Environment and Energy Development (CEED) convened a multi-stakeholder consultation called Co-Creating Pathways for Future-Ready Dhanbad to collectively shape a people-centric roadmap for a just and sustainable transition. The engagement brought together public representatives, government officials, industry leaders, trade unions, civil society organisations, MSMEs, public sector undertakings (PSUs), and local communities, ensuring that diverse perspectives inform the process as Jharkhand advances toward a low-carbon future.

By gathering these groups in a single forum, the consultation created an inclusive dialogue across key thematic areas, including sustainable livelihoods, economic diversification, clean energy deployment, green economy development, and industrial decarbonisation, so that strategies can be co-developed in ways that reflect the needs and priorities of those directly affected. This approach to stakeholder engagement emphasises that no one is left behind by drawing in actors from governance, industry, civil society, and local communities to align around long-term sustainability goals and a future-ready Dhanbad rooted in equity, opportunity, and resilience.[75]

2 Workers at the heart of stakeholder engagement in the Just Transition

Under the UNGPs, a stakeholder is anyone who can affect or be affected by a company's activities. Stakeholder engagement is the ongoing dialogue with these potentially affected people so the company can hear, understand, and respond to their concerns.[76] Without a clear focus on the needs, voices, and livelihoods of impacted people, social resistance is likely to grow, disrupting the transition to a climate-neutral economy.

From a company's perspective, engagement involves connecting with diverse stakeholder groups through every stage of its transitional journey, from the inception of Just Transition policies and initiatives through their development, roll-out, and ongoing maintenance. This will differ slightly according to whether the company is focusing on "transitioning out" high-carbon assets and activities or "transitioning in" low-carbon opportunities.

Transitioning out

> For companies trying to reduce and ultimately abandon emissions-intensive assets like coal plants or oil and gas operations, stakeholder engagement and dialogue should focus on responsibly managing impacts on affected workers and communities most closely linked to the legacy business, particularly those whose job role and income may be at risk. The company's priorities should be both risk mitigation and remedy for roles that may no longer exist, while also supporting worker and community resilience through skills development, promoting local economic diversification, and leaving behind useful infrastructure so stakeholders can benefit after the transition.[77]

Transitioning in

> For companies shifting towards low-carbon projects, stakeholder engagement should involve proactively identifying potentially affected groups to understand their perspectives, concerns, and aspirations. To achieve this meaningfully, it is necessary for companies to seek opportunities for supporting local growth and creating feed-in opportunities for affected people, so that those communities gain economic, social, and environmental benefits from the project.[78]

2.1 Steps to delivering an effective stakeholder engagement programme for workers

Establish priority stakeholders

An effective worker stakeholder group consists primarily of workers (including full-time, part-time, contractor, and agency workers), worker unions and worker councils. Comprehensive stakeholder mapping needs to be carried out to ascertain which workers are most affected by the changes (either directly or indirectly), while special effort must be made to identify and include vulnerable workers, such as informal workers, women, people with disabilities, and generally marginalised workers. In Just Transitions that reshape industries and job structures, identifying who is most exposed to disruption is the first step towards ensuring that no one is left behind.

Establish goals and purpose

Early engagement with the worker stakeholder group is crucial in a transition to net zero. By failing to adequately communicate with and prepare their workforces, companies risk severe operational disruption through industrial action, employee resignations, absenteeism from disengaged workers, and an inability to attract new talent crucial to the transition, ultimately threatening the company's licence to operate. More importantly, early engagement helps build trust and transparency, allowing workers to see themselves as part of the transition rather than casualties of it.

This engagement process hinges on the company's early dialogue with the appropriate workers and their unions, clearly communicating transition plans including how, when, and where they are likely to impact jobs. For this to be communicated effectively, there is value in explaining the process behind the impact assessments that have been carried out to gauge potential job loss and economic disruption, and the measures put in place to mitigate these risks. When workers understand not just the outcomes but the reasoning behind decisions, it fosters a sense of fairness and shared responsibility—key principles in any Just Transition. Beyond this initial communication, it is important for companies to present a clear vision for future job roles, including plans for creating reskilling and redeployment pathways where appropriate. These pathways should be designed to be inclusive and accessible, ensuring that workers from all backgrounds have a meaningful opportunity to participate in the new green economy.

Where there is not scope for the reskilling or redeployment of employees, companies should clearly communicate planned social benefits for affected workers, including redundancy packages or early retirement schemes. To ensure worker buy-in to the company's Just Transition strategy, providing a clear view of the long-term goal of the transition is paramount. This includes articulating how the company's future aligns with broader goals such as decent work, community resilience, and climate responsibility—making the transition not just a technical shift, but a socially grounded one.

Establish process of engagement

For the goals outlined above to be communicated and delivered, companies need to create a robust engagement process. This should include four key steps: identifying affected stakeholders, establishing multi-stakeholder bodies, designing and conducting consultations, and establishing redress mechanisms.

Identifying affected stakeholders involves carrying out a workforce inventory, including a headcount by role, location, contract type, and union status to spot where disproportionate impacts lie. It also involves conducting task-level job analysis by breaking roles into tasks and competencies to see what's changing or at risk, using occupational and skill taxonomies to identify adjacent roles and reskilling pathways. This helps companies anticipate where support is most needed and where opportunities for transition can be created—especially for those at risk of exclusion. Beyond this, engaging directly with union and worker councils to understand who are the most vulnerable workers with the least access to worker voice. These combined insights will provide a comprehensive stakeholder map of those workers most affected by changes and thus most crucial to engage.

From then, establishing multi-stakeholder bodies to plan, oversee, and coordinate the transition strategy is key. These can be in the form of company taskforces, dialogue councils or working groups which feature a mix of union, worker, employer, and community representation.

These groups should oversee planning and carrying out wider worker engagement, including consultations, surveys, focus groups, and town halls. Crucially, this group needs extensive board oversight and senior leadership input. Embedding these structures ensures that decisions reflect the lived realities of those affected, and that the transition is shaped through genuine participation, not just top-down planning.

Finally, establishing clear, effective, and transparent redress mechanisms to provide remedy is key. This procedure needs to be designed to be accessible, effective, easy, understandable, cost-free for the complainant, and have the option for anonymity where appropriate. Workers should get comprehensive training on the various modes of complaint available to them, and specific focus needs to be given during the design phase to ensure the mechanism is assessable. For example, if literacy is an issue with some subsets of workers, there needs to be an option for a complaint phone line or something similar. A fair and accessible grievance system is not just a safeguard—it's a signal that the company is committed to accountability and dignity throughout the transition.

Without a comprehensive grievance mechanism in place, companies are at risk of failing to identify and resolve human rights risks, increasing the chances of harmful and costly litigation. According to The Business and Human Rights Resource Centre's Just Transition Litigation Tracking Tool, there has been a sharp rise in litigation over the last six years across a diverse range of jurisdictions. While lawsuits against transition minerals companies still top the list, wind energy, hydropower, and solar projects are facing more litigation than they did a few years ago.[79]

Corporate Case Study

Fast retailing – Worker engagement programme

Fast Retailing Co Ltd is a Japan-based holding company primarily engaged in retailing private-label apparel. Fast Retailing believes that respecting human rights and ensuring the health, safety, and security of all workers in the supply chain is our most important responsibility and asks all production partners to comply with our Code of Conduct for Production Partners. To deliver on this pledge, the company has developed a comprehensive engagement programme with supply chain workers at both the national and factory level.

Fast Retailing gathers worker perspectives through confidential interviews during its monitoring/audit process, conducts additional on-site interviews via in-country teams (e.g., Bangladesh, Vietnam, China), and operates an anonymous hotline enabling workers to raise complaints directly to the brand when factory mechanisms fail. The company enrolled in the ILO-IFC Better Work Academy to set up workers and management's bipartite committee at their suppliers. The programmes engage union members based on guidance from Better Work, rather than by-passing union activities and collective bargaining. The company also participates in ILO-IFC Better Work programmes in countries such as Vietnam, Indonesia, Cambodia, and Bangladesh, which convene employers, trade unions, and brands in annual meetings, providing a channel to hear union views. While these mechanisms are not yet used to discuss climate adaptation or decarbonisation impacts, they represent existing platforms for engaging workers and unions as the company develops its approach to the just transition.

Establish clear kpis

Crucial to establishing clear KPIs is having the indicators in place to measure the extent to which workers are represented in Just Transition negotiations, including the percentage of the workforce represented by trade unions or covered by a collective agreement, as well as employee representation at the board level.[80] As the transition process begins, other metrics are important to act as a report on progress, including training, reskilling, and unemployment data.

2.2 Examples of good practice

Inclusion of non-standard workers in engagement

The category of non-standard workers includes traditional contract workers, as well as those on atypical contracts, workers in platform companies, and the self-employed. The numbers of contract and gig workers are on the rise globally, and with that comes the increased risk of them being marginalised in the green transition. Many contract workers are not covered by a collective bargaining agreement, are not eligible for social benefits, and are not included in worker consultations and social dialogue. While the Just Transition may empower green-skilled, specialised contract workers, there are many more traditionally skilled workers who are going to find their roles increasingly redundant, without access to the social benefits and reskilling pathways available to standard workers. An example of such vulnerable contract workers includes those at Port Talbot Steelworks in Wales. Port Talbot has been hit by numerous job losses as the result of changes in the steelmaking industry. Where it was once the largest employment site in Wales, with more than 20,000 employees, it now employs approximately 4,000 standard workers and an estimated 3,000–4,000 agency and contract workers. These workers are specialised in carbon-intensive industries and, therefore, are at risk.[81]

Companies that fail to engage with their contract and self-employed workers are marginalising large swathes of already vulnerable workers and so, ultimately, are not contributing to the decent work for all principle. Those companies that are engaging, on the other hand, should be praised for good practice.

Examples of engagement with contract workers include mapping all contractor and agency workers by role, site, supplier, and location and communicating with them through dedicated forums at accessible times and locations, with translation and stipends as needed. Examples of best practice also include giving contractor workers access to grievance mechanisms and reserving seats for contractor representatives on Just Transition committees. Crucially, companies need to grant access to reskilling pathways and training opportunities for contractor workers to ensure they are not left behind in the green transition. If this is not possible, employers should ensure transparent communication with contractor workers on what skills and capabilities will be needed in the new company direction, and what the company plans to do to support contractors in developing these skills, such as partnering with local educational centres to design relevant training programmes that align with the green transition.

Inclusion of suppliers

While supply chain risks differ depending on sector, business model, region, and product (with some companies being more at risk than others) all companies that embed Just Transition principles not just across their own operations but also across their supply chains will be more resilient and better positioned to manage the risks associated with a transition to net zero. Companies that establish a supplier engagement programme as a core part of their Just Transition are, therefore, giving themselves a massive advantage. Working with suppliers on a Just Transition roadmap which sets out their high-level commitment to a green transition while leaving no one behind is a useful way of guiding the programme, but this is only effective if backed up by regular engagement through the development of a supplier advisory group or working group that includes supplier, worker, and employer representatives. Other examples of good practice include regular virtual forums or roundtables, regular site visits and interviews with supply chain workers, and consistent reviewing of worker-voice inputs such as surveys or grievances logged.

Corporate Case Study

Supplier Engagement

The company maintains a long-standing Supplier Code of Conduct, currently under revision, which is contractually embedded to set clear expectations around health and safety, working conditions, and broader sustainability. Its upstream supply chain teams engage suppliers in a collaborative manner, focusing on joint efforts to reduce Scope 3 carbon emissions and improve sustainability practices. Rather than relying on a transactional model, the company promotes a partnership-based approach aimed at co-creating a more sustainable economy.

Supplier selection is supported by risk assessment tools, which help evaluate supplier performance and responsibility. Internally, the company prioritises employee health and safety, along with consistent access to safe water, sanitation, and hygiene across all operational sites, including remote field locations. These same standards are extended to suppliers.

These efforts reflect an integrated and ongoing programme that combines clear expectations, collaborative decarbonisation, risk-based due diligence, and a strong focus on worker well-being throughout the supply chain..

Focus on marginalised voices, including informal workers

Informal workers make up approximately 60 per cent of the world's employed population. Despite making up the largest share of the global workforce, they often remain invisible, particularly when it comes to the discourse around the Just Transition.[82] This exclusion increases the risk of the green transition exacerbating existing inequalities, as "the majority of informal workers live in the Global South, 55 per cent of women in the world are informally employed, and the share of women in informal employment exceeds that of men in 56 per cent of countries, especially in low- and lower-middle-income countries."

Worker policies and engagement around the Just Transition are largely based on a Global North approach to industrial relations, which assumes that workers are formally employed and so often leaves out informal workers. Therefore, companies that take steps to include the voices of informal and marginalised workers in their Just Transition strategies are taking better account of the wider risks and opportunities to their business. This involves granting informal and vulnerable workers access to social benefits, reskilling, and training , but also means understanding their needs and perspectives through direct engagement. The best way to achieve that engagement is through convening sessions in locations workers already use (like community centres and union halls) with measures in place to remove facilitation barriers, including stipends for transport and meals. As trust and communication can be an issue, the most successful initiatives with informal and vulnerable workers include using trusted intermediaries such as unions, NGOs, or Indigenous organisations. The use of plainlanguage materials and low-literacy formats is crucial to harvest insights from these workers. Through this, companies can understand the best ways to include informal and vulnerable workers in the protections and benefits established for standard workers during the transition.

Corporate Case Study

JustJobs network

In India, a Just Transition is hampered by the dominance of informal and non-standard work across SMEs and unregistered enterprises that are not obliged to provide pensions, paid leave, or broader social protections. While there is widespread rhetorical support for worker rights, companies seldom act beyond legal requirements, and many principles stay at a high, state level rather than translating into operational change. As cleaner technologies roll out, job impacts are immediate and uneven. Electrified brick kilns require fewer workers and displace women from roles, for example, while electric vehicle (EV) value chains are more male-intensive and need fewer workers than internal combustion manufacturing.

firms increasingly rely on gig and contract labour, pushing risks down opaque value chains where the most egregious practices can occur and where transparency is weak. Formal social dialogue is constrained by a politicised union landscape—thousands of unions exist but few are recognised—leaving many workers without effective representation and prompting collective action outside traditional structures. Practical responses often emerge from NGOs and cooperatives at community level (e.g., water and sanitation projects), and the narrative has shifted beyond a naïve "just reskill" approach, acknowledging labour market volatility and limited renewable job absorption. Looking ahead, progress depends on codifying local GEM models and replicating them state by state, with government regulation, value-chain transparency, and attention to heat stress and water management as priority themes.

Corporate Case Study

DBL Group

DBL Group is advancing a people-centric Just Transition by prioritising women's economic inclusion and worker well-being alongside operational change. Guided by board-level direction, the company has set a target to lift women's participation from roughly 8 per cent to 20 per cent, backing this with practical, in-house empowerment programmes, including a two-month training curriculum to build skills and confidence for female recruits and frontline workers. DBL complements skills development with real-world support systems: It partners with local service providers and charities so that approximately 1,800 women can access community-based amenities using their employee ID, easing daily burdens that often limit workforce participation.

The company helped pilot UNICEF's Mothers@Work programme in a few of its factories to strengthen maternal health, childcare, and retention. The programme had expanded into 113 factories around the country by September 2023 and DBL reports low overall employee attrition (around 2 per cent), indicating early benefits from a supportive environment. DBL has publicly committed to gender equity through the Women's Empowerment Principles and has begun publishing its sustainability reporting, signalling accountability. Together, these measures translate high-level intent into concrete pathways—recruitment, training, caregiving support, and place-based partnerships—that help women enter, remain in, and advance in the workforce as the company modernises and decarbonises.

Clear benefit sharing

Benefit-sharing helps gain local community support for nearby development projects. It goes beyond basic compensation by broadening what counts as a benefit and who shares in it, aiming for positive, long-term development impacts—for example, allocating tax revenues derived from project profits, with the state setting tax rates and managing collection and distribution. Allowing local authorities to directly collect and deploy funds can make the benefits more tangible for communities.[83] For instance, the €3.9 million in local taxes generated annually by wind farms on Evia in Greece is reinvested in local projects such as fire trucks, flood protection, and rural hospital improvements.[84] With the appropriate roll-out and government support, this is a good way of ensuring more equitable, active stakeholder engagement throughout a project's implementation and delivery.

Awareness of place

While many aspects of good stakeholder engagement are universal, some are specific according to region and area. There has been growing recognition of the need for "place-based" Just Transition policies that recognise the economic, social, environmental, cultural, and even spiritual realities of a place and the people who live and work there.[85] For example, in Bangladesh, April 2024 marked the hottest month since 1948, with temperatures soaring to 40–42°C across more than 80 per cent of the country. The nation endured four consecutive heat alerts, school closures affecting 33 million students, and wildfires blazed through the Sundarbans mangrove forest.[86] Companies that show an awareness of place and tailor their engagement accordingly are going to get the best outcomes.[87]

Corporate Case Study

Fast Retailing

Fast Retailing acknowledges that awareness and understanding of just transition differs across geographies, and tailors its approach to this variation across its Asian supplier base. The company emphasises context-specific decarbonisation by prioritising rooftop solar at factories, and by guiding suppliers to purchase energy certificates with a preference to same grid. The company keeps supplier relationships decoupled from decarbonisation performance to avoid financial stress and supports long-term planning by sending experts to factories.

Fast Retailing is beginning to explore worker impact through heat-stress research in collaboration with Royal Holloway, University of London. The company and research team measure the effects of heat stress on the health of workers in garment factories in Cambodia and engage workers via interviews. Together, these steps demonstrate an evolving, place-based approach that adapts climate and social engagement to local political, labour-market, infrastructure, and climatic conditions. .

3 Investing in a Just Transition training programme for everyone

Much research has been done on the impact of the green transition on the labour market, including the green skills needed to support a net-zero economy and the skills likely to become redundant during the transition. The changes span from evolving energy sources to transport, recycling, construction, and beyond. While these evolutions are likely to create job roles in the future, they also threaten existing ones. In some cases, research has found that green jobs (including the manufacture, installation, operation, maintenance, regulation, and use of emerging energy system technologies and approaches) often involve more intense and higher-level cognitive skills compared to non-green jobs, which presents the risk of exacerbating inequalities if the transition is not managed effectively.[88] In other cases, the skills present in non-green jobs are easily transferrable to green jobs, assuming the appropriate reskilling pathways are put in place.

ILO analysis predicts that, in the transition to energy sustainability, almost 25 million jobs will be created and six million lost globally.[89] Of these, it estimates that five million can be reclaimed through labour reallocation, meaning that number of workers who lose their jobs because of contraction in specific industries should be able to find jobs in the same occupations within another industry in the same country.

Reskilling, upskilling, and upgrading skills for workers in the job market is therefore an essential component of the Just Transition. Crucially, these upskilling pathways need to be created in an inclusive way that applies to all workers and does not leave out those already marginalised or under-protected. Not only is this essential from a moral perspective, but it offers a competitive advantage, with recent Deloitte research finding that organisations that focus on fostering worker skills are 63 per cent more likely to achieve positive outcomes in a range of metrics.[90]

3.1 Forecasting skills needs and employment challenges

Companies leading the pack on reskilling and upskilling their employees to prepare them for the green transition are generally those doing the appropriate due diligence prior to establishing a training programme. Central to this is carrying out extensive forecasting to ascertain what new skills the company will require in its switch to net zero, as well as which roles and skills will be reduced or become superfluous.

In the first instance, this means taking the Just Transition strategic goals and objectives developed by the company's board and senior leadership and identifying the skills and competencies necessary for achieving these business objectives. From here, an assessment of existing skills within the company can be carried out through a combination of interviews, surveys, and performance reviews before a skills gap analysis can compare the skills currently present within the company to those needed for a net-zero future.[91]

Once this is carried out, the company can ascertain which roles require new recruitment, which can be met through reskilling, and which are ultimately at risk. Reskilling and upskilling existing workers are vital for companies, as there is already a recognised skills gap in green sectors such as renewable energy, energy and resource efficiency, renovation of buildings, construction, environmental services, and manufacturing.[92] Data from LinkedIn shows that job postings for green jobs are growing nearly twice as fast as the number of workers qualified to fill them, with only one in eight people possessing the relevant skills.[93] The number of workers pursuing degrees or certifications relevant to the energy sector is not rising fast enough to supply the required workforce, thus making training of the existing workforce even more business critical.[94]

While planning their training and reskilling programmes, companies can first identify those workers with easily transferable skills by breaking current roles down into tasks and skills and mapping where those skills overlap with emerging green and digital roles. Some companies may also use a skills graph to pinpoint bridge skills needed for role-to-role moves (e.g., diesel mechanic to EV technician). While this group of workers can be reskilled with relatively low investment from companies, workers with more specific skills will require a comprehensive training programme.

3.2 Designing an adequate and continuous training programme

Once the company has gathered its employment data and carried out its skills gap analysis to establish the areas where employees can be upskilled or reskilled to fill gaps, and then identified the clear pathways to achieve this, it can develop its training programme with a clear objective. As an example, the objective may be to redeploy 100 steam turbine technicians as wind turbine technicians within 36 months. This can be achieved either by embedding the goal in the company's existing training offerings or establishing a targeted standalone Just Transition programme.

A practical, integrated Just Transition programme may include a series of modules that cover the fundamentals before moving on to modules of role-specific learning, paired with site rotations and task books signed by supervisors. Companies should fund this with paid training time, base-pay protection during redeployment, and practical supports like travel and food where appropriate. Crucially, to bolster the impact of the learning, companies should offer training services that result in certification.[95] This can be achieved by linking modules to the seat-time and assessment rules of external certifications recognised by employers and regulators, such as the Global Wind Organisation technical training standards, Electric Vehicle Infrastructure Training Program, or the Institute of Electrical and Electronics Engineers. If a company has enough resources, another way to maximise the impact of training is to partner with an approved training provider or get some of its own employees officially approved as trainers themselves. That way, the company can host proctored exams on-site and give out certificates.

A clear focus on health and safety is also a hallmark of a high-quality Just Transition training programme, as an inadequately skilled or short-staffed workforce can result in more errors or accidents.[96]

Corporate Case Study

Workforce Training

An Asian renewable energy manufacturer demonstrates how green industrial transformation can be inclusive when paired with intentional workforce investment. In 2024, the company provided an average of 83.8 hours of training to over 9,300 employees, with full coverage across job levels and genders, ensuring equal access to upskilling opportunities. This effort is now supported by an internal digital learning platform, which offers 548 curated courses, including those tailored for frontline staff. Beyond skills development, the company has embedded inclusion into its workplace culture: Female representation reached 21.2 per cent overall and 19 per cent in senior management, while infrastructure upgrades such as lactation rooms, health checks, and the hiring of employees with disabilities reflect a broader commitment to accessibility.

3.3 Worker feedback and union input

One best practice in the development of Just Transition training services is fostering direct dialogue between the company and its worker and unions. Any upskilling strategy will only be effective if employees are part of the process and having their feedback reflected. Without employee buy-in the strategy is likely to fail. A report on a three-year upskilling project called Upskill 4 Future—which involved more than 30 companies in France, Italy, Poland, and Spain—found that pilot activities for the project highly improved the relationship between a company's HR department and employees. Prior to the project, most employees were sceptical about the impact the programme could have on their careers. However, following extensive engagement, most came to feel that they were being offered the opportunity to take ownership of their professional aspirations and career paths.[97]

Beyond worker input, a strong training programme requires support from worker unions. By partnering with unions, companies can benefit from their input into the training curriculum. Companies can also benefit from collective bargaining to guarantee fair and accessible learning, including paid access to training, transparent eligibility, recognition of prior learning, wage progression for credentials, and redeployment guarantees for at-risk workers. Unions can also provide critical insights into the best ways to measure the impact of training programmes by working with companies on agreed metrics. These could include tracking and reporting the rate of completion, credentials, redeployment, wage gains, and diversity in the programme over an agreed period of time.

Companies demonstrating best-in-class leadership when it comes to Just Transition training may even look beyond their existing workforce and support skills development in those not yet in work by partnering with a training or educational institution, investing in future talent pipelines. They partner with vocational schools, community colleges, universities, and community training providers to design industry-recognised training programmes that equip school leavers, career changers, displaced workers and others with the skills needed for emerging green roles. These partnerships can include co-developed curricula aligned to industry standards, paid pre-apprenticeships and internships, access to equipment and worksites, and clear pathways into entry-level jobs. Various companies have made this a part of their training and reskilling strategy, including BP and EnBW, who have committed over £1 million over five years to X-Academy in Scotland, financing the reskilling of current oil and gas professionals as well as the creation of new entry-level roles related to the energy transition.[98]

3.4 Ensuring training accessibility for all

It is the responsibility of companies to ensure that there is equal access to opportunities for skills acquisition, including for women, young workers, and historically marginalised workers. To achieve this, companies must engage with these groups of workers to understand the accessibility issues they face, such as childcare responsibilities, financial constraints, and language barriers. After gaining an understanding of these barriers, the company can develop supportive policies, such as translated or online sessions, to ensure their training services are fully accessible and benefit all employees equally. Emerging training data can determine whether or not these policies are working. For example, does the data show that the rate of career progression from training pathways is as high for women as it is for men?

While it is important for companies to ensure all their direct employees can benefit equally from training opportunities, the best-in-class companies are going a step further and looking to grant training opportunities to those outside their direct workforce. They design inclusive programmes that reach contract workers, supply chain workers and, where relevant, workers in the informal economy.

This inclusive training strategy can include opening seats in company courses, co-funding supplier training academies, and recognising industry-aligned credentials and certificates so skills translate across employers. For contract workers, this goes beyond simply making existing training programmes available to them and actually mandates training in their contractual requirements. By embedding training standards in master service agreements and purchase orders, and requiring contractors to meet these standards, companies are playing their part in ensuring contract workers are not left behind in the green transition. Ensuring that contract workers have equal access to day-to-day on-site learning opportunities, such as briefings, lectures, and training on new equipment is also critical. The companies that do this best are those that carefully monitor contractor participation in, and development from, training pathways. Useful metrics include participation and completion of training courses, as well as post-training career progression outcomes mapped alongside standard employees.

Companies can also play an important role in improving supply chain worker access to training through a series of measures such as leveraging existing social dialogue with unions and community organisations to access marginalised supply chain workers and then co-hosting job fairs and information sessions in community hubs aimed at those workers. Companies can offer financial support, such as funding courses on easily transferable skills or covering the costs of priority trainings for employees of SME suppliers on key topics including health and safety and the principles of the Just Transition. Companies can also sponsor train-the-trainer programmes for SME supervisors and provide stipends for workers to make the training more accessible. Beyond funding, companies can provide capacity-building support to their SME suppliers through things like ready-made training kits and materials, templates for role-based competency maps, and sessions on how best to deliver the training. Finally, companies can provide incentives for SME suppliers to reskill or upskill their workers by embedding training standards in supplier codes of conduct and contracts (including phased targets and timelines) and adding Just Transition metrics to supplier scorecards and quarterly business reviews.

In many areas of the world, the majority of the workforce operate in the informal economy and are often excluded from Just Transition training opportunities. To remedy this, companies demonstrating best practice initiate schemes to include informal workers. This begins by partnering with trusted local NGO, union, or community partners to identify where informal work occurs in their supply chains and begin engaging with these workers. From here, companies can bring training offerings to where these workers are, including pop-ups at markets, community centres, and mobile classrooms. Just Transition training for these workers should include the basic skills required for green roles, including health and safety, energy-efficient practices, and digital literacy. These need to be designed in multilingual, low-literacy formats with offline options. Crucial to this training is building pathways to formal work by linking training to apprenticeships, cooperatives, and entry-level roles with suppliers and guaranteed interviews or trial shifts for credential earners.

4 Creating a data-centric Just Transition strategy

Companies must be transparent about their strategies to transition to net zero in order to deliver them in a fair way that leaves no one behind.

Only by collecting data can companies identify where in their direct operations and across their value chains efforts to reduce carbon emissions are impacting worker or human rights.

Understanding these impacts is integral to delivering a Just Transition strategy, while transparently disclosing them is pivotal for companies seeking to lend credibility to their climate-neutrality claims with customers, investors, and other stakeholders. Increasingly, these stakeholders are relying on standardised data to compare the performance of companies and gauge their long-term sustainability and profitability, meaning that data gaps are a critical flaw in any corporate strategy.

The issue, however, is while the mechanisms used to collect and arrange data relevant for annual financial reports and emissions reductions are relatively well established, when it comes to the Just Transition, reporting mechanisms are still underdeveloped. There is a distinct lack of standardised frameworks and commonly accepted definitions required to make comparability easy.[99] Globally, there is a lack of legislation focused specifically on Just Transition disclosures, with most regulations focusing on emissions or broader HRDD data rather than workforce transition metrics. In Europe, for example, both the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) were initially held up as regulatory guides to help companies transition their operations and value chains to a net-zero economy in a rights-respecting way. Both of these policies, however, have met multiple delays and dilutions, while in the US, the SEC climate disclosure rules focus on emissions and material risks rather than people.

Despite this lack of standardised Just Transition reporting, however, companies are becoming increasingly aware of the business imperative to collect and share this data. Investors are showing growing demand for data on workforce inclusion, reskilling, and community engagement, and those who report this type of information can often gain better access to sustainability-linked capital. Moreover, releasing this data can help enhance ESG scores, another focus area that is gaining importance for investors. Disclosures also serve to reduce regulatory and reputational risk, as Just Transition metrics are becoming increasingly integrated into mandatory disclosure requirements. In addition, sharing this data helps build trust with key labour partners, including workers and unions. This can lower staff turnover and improve cooperation, speed up permitting and community approvals, and strengthen the company's licence to operate. Beyond this, standardised Just Transition data enables better internal decision-making.[100]

Many companies are therefore seeking standardised frameworks to understand and report on their Just Transition activities. In some cases, companies are relying on voluntary NGO or private sector initiatives; in others, they are developing their own internal frameworks.

4.1 Creating in-house Monitoring, Evaluating and Reporting (MER) frameworks

Many companies with a clear Just Transition strategy have their own MER frameworks to demonstrate to stakeholders how they have created their Just Transition plan, to pinpoint where action is required to deliver the plan, and to showcase the results of the plan.[101]

The most successful of these MER frameworks establish SMART objectives (specific, measurable, achievable, relevant, and time-bound), tailored to a Just Transition. These objectives need to rest on clear baseline metrics and interim targets that align with the organisation's climate goals and are reviewed regularly. To best translate strategy into execution, developing tangible objectives and key results is essential. This requires clear KPIs that track precise metrics and define milestones for implementation. An example includes committing to reduce operational emissions by 50 per cent by 2030 from a defined baseline while ensuring 90 per cent of affected workers are retrained and redeployed with wage parity within two years. Progress towards these targets then needs to be regularly communicated to stakeholders, including suppliers, workers, partners, and investors through established, inclusive channels, such as annual reports, worker town halls, and union briefings.

Companies that collect relevant Just Transition data most effectively do so through a combination of impact assessments, HRDD, and climate reporting. They map who is affected and how, manage worker and supplier risks (safety, wages, training, redeployment, grievances), and report these people outcomes alongside emissions progress. These metrics are then presented and reported through annual sustainability and climate reports and sometimes shared on a public dashboard with quarterly updates, clear definitions, and downloadable data.

By building their Just Transition monitoring and evaluation framework in-house, companies can design metrics that apply distinct local, regional, and sector lenses. Teams can track what matters on the ground—such as local jobs, local wage baselines, supplier capacity, and community priorities—and reflect sector specifics to align targets to each site or region. Data collection and reporting can then be tuned to context, providing more tailored insights for stakeholders. To demonstrate credibility, however, this data also needs to be shared through disclosure to external voluntary and mandatory reporting frameworks, such as the CSRD, the International Sustainability Standards Board (ISSB), the Task Force on Climate-related Financial Disclosures (TCFD) or the Global Reporting Initiative (GRI). By reporting against an external framework, companies make data comparable and therefore more useful to stakeholders.

Corporate Case Study

Just Transition Framework

A global life sciences manufacturer determined that many just transition frameworks are oriented toward sectors undergoing major fossil to renewables shifts, which do not fully align with the company's operating context. In response, it developed an internal just transition framework and participates in cross industry working groups to help shape guidance on integrating just transition into corporate climate transition plans, with outputs expected in the near term.

The framework centers on inclusive stakeholder engagement across employees, suppliers, customers, consumers, and agricultural partners, reflecting the view that many transition impacts occur downstream. Internally, a dedicated workforce focus emphasises fair compensation, development opportunities, and robust health and safety, supported by a global water target to ensure safe drinking water, sanitation, and hygiene for all employees at all sites, including remote field operations.

In the supply chain, expectations are operationalised through a supplier code of conduct embedded into purchasing and risk-based onboarding and assessments using established third-party platforms. The company engages suppliers to co-develop carbon reductions through partnership rather than one-way demands.

Corporate Case Study

Just Transition Data Governance Framework

An Asian clean energy manufacturer shows how social and climate data can be monitored, evaluated, and reported in one system. Its internal carbon tracking system follows ISO 14067 and a recognised LCI database to issue a digital carbon passport, creating verifiable records for cross-border disclosure. In parallel, it reports people outcomes with equal rigor: open, consistent content training for all levels (in 2024, that involved 9,305 participants, 83.8 hours on average, and 100 per cent coverage by job level and gender) supported by an internal digital learning platform of 548 courses, fair gender representation (women made up 21.2 per cent of employees and 19 per cent of senior management), and accessibility measures (lactation rooms, health checks, hiring 15 employees with disabilities, accessibility upgrades).

Supplier data is managed and disclosed through an ISO 20400 procurement assessment, and company policy maintained a preference for ISO-certified suppliers (9001/14001/45001/14067), 100 per cent integrity and conflict minerals declarations, and 343 training sessions with 1,019 suppliers, supported by a risk audit and rectification mechanism. Together, these practices demonstrate integrated MER for a just transition.

4.2 Leveraging external reporting frameworks

Reporting to a smart mix of voluntary and mandatory disclosure frameworks is pivotal for any company seeking to enact a Just Transition and communicate it adequately to stakeholders. Often these frameworks separate climate and HRDD reporting, leaving critical gaps in Just Transition data. There are some new assessment frameworks, however, which focus specifically on the Just Transition. These include the Just Transition Criteria developed by the Impact Investing Institute, the 2026 Climate Benchmark by the World Benchmarking Alliance, and the Net Zero Company Benchmark by the Climate Action 100+. These deploy measure metrics on various topics including HRDD, decent work standards, stakeholder dialogue and participation, and place-based action. These initiatives seek to embed the Just Transition into key reporting regimes for transition plans. There is also a proliferation of national frameworks focused on Just Transition data, metrics and indicators, such as the guidance set out by the UK's Transition Plan Taskforce.

CSO Case Study

Ethical Trading Initiative

The Ethical Trading Initiative (ETI) is building a stakeholder-led approach to generate actionable Just Transition data, grounded in Bangladesh. ETI found that audit-only reporting misses material issues, such as excessive heat and gender gaps, that surface through direct worker engagement. In response, it has trained social dialogue in 200+ factories, convening 10–20 participants per site (half management, half worker reps—union or participatory) to identify risks and co-create action plans with measurable targets (e.g., solar adoption, water and waste reductions).

ETI has piloted "green social dialogue" on heat and water and seeks donor support to scale. To systematise reporting, ETI built a framework (spurred by CSDDD) detailing how to engage rightsholders at each due-diligence step, is developing practical guidance, and is working with GIZ and the Laudes Foundation on shared brand–supplier platforms. With 1,300 factories connected across a 4,000+ base, ETI is also compiling success stories to provide comparable, real-world evidence companies can disclose.

CONCLUSION:

From fragmentation to fairness

Across global value chains, companies are navigating uneven and often fragmented paths toward net zero. While multinationals and EU-based buyers increasingly embed Just Transition principles into their strategies—driven by regulation and investor scrutiny—many firms in the Global South still perceive the concept as externally imposed or misaligned with local priorities. This disconnect reflects deeper gaps in capacity, governance, and shared understanding, which risk sidelining vulnerable workers and communities during climate transitions.

Evidence from regions such as India, Bangladesh, and Southeast Asia shows that climate ambition without a human-centred approach can lead to reskilling gaps, wage suppression, and deteriorating job quality. These outcomes are not inevitable—they result from transition plans that prioritise speed and cost-efficiency over inclusion, participation, and long-term resilience.

Companies that ground their strategies in structured stakeholder engagement—especially with workers, unions, and local communities—are better positioned to align decarbonisation with social equity. This alignment is not just a moral imperative; it is a strategic necessity for maintaining supply chain stability, securing market access, and building trust with regulators, investors, and society at large.

To move from fragmented efforts to credible, investable transition plans, companies need standardised guidance that integrates climate and human rights metrics, reflects regional realities, and enables transparent reporting.

Ultimately, a Just Transition is not a checklist—it is a process of co-creation. It requires companies to shift from compliance-driven approaches to participatory models that centre people, anticipate risks, and share benefits. Only then can the transition to net zero be truly sustainable, inclusive, and just.

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