

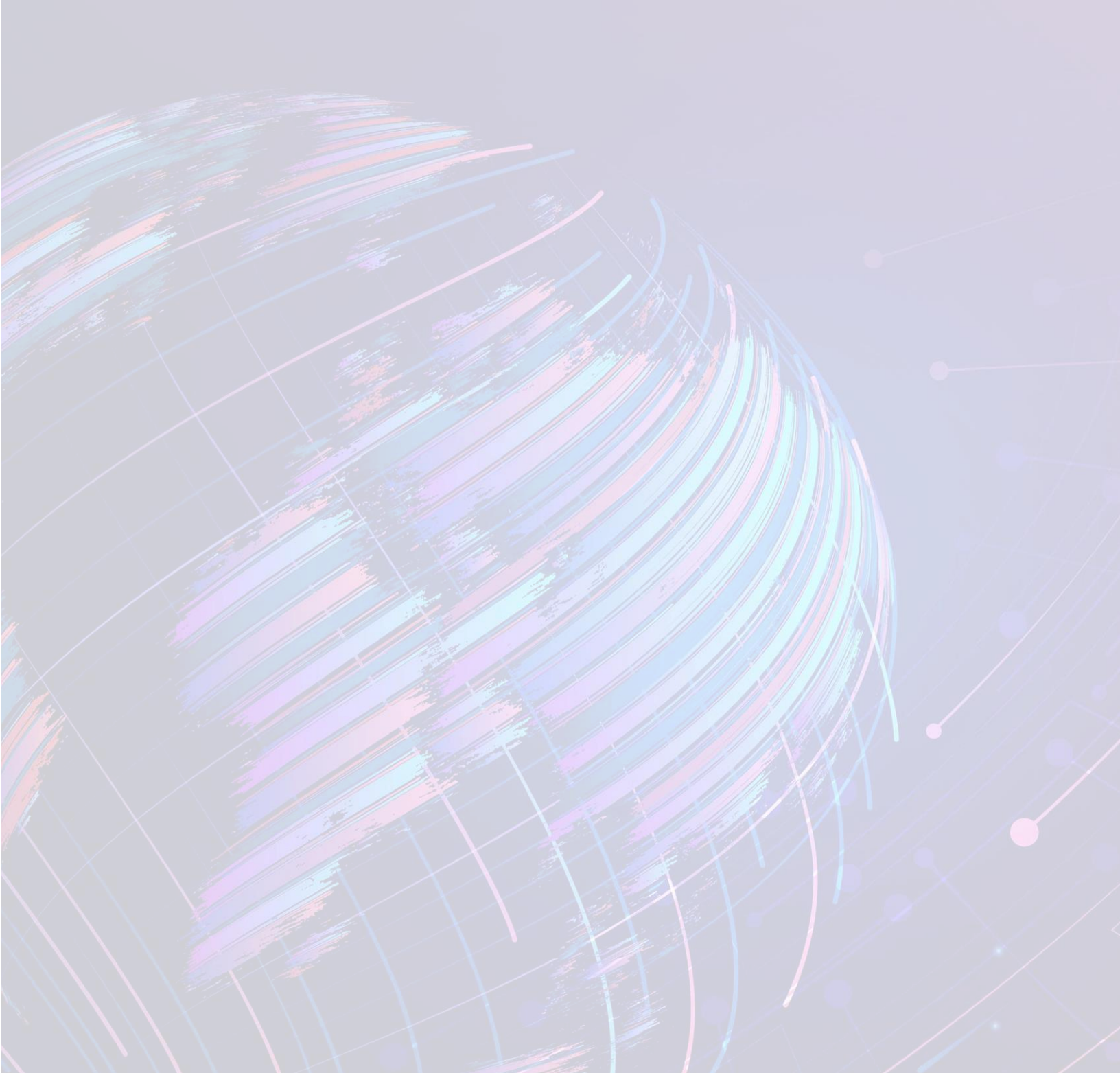


Input paper for the G20 Sustainable Finance Working Group

Sustainability Crossroads: Where Climate and Nature Meet Equity

Understanding the meaning of a Just Transition

June 2024



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I. Introduction: Why is a just transition essential for action on climate, nature, and the SDGs?

A just and green transition is at the heart of meeting the goals of the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework¹. However, shifting economies at the necessary scale and speed can have economic and social consequences. Job losses can occur in certain sectors, social inequality and civil unrest can increase, and impacts can be felt across economies. At the same time, evidence has shown that the reverse can also be true: when managed well, the transition can be a powerful driver of green job creation, social justice, and poverty eradication. With fairness, inclusivity, and transparency at the heart of the transition, communities, workers, and countries can unlock opportunities for prosperity.

Globally, just transition has risen on the political agenda. At the UN Climate Conference in Egypt (COP27) in 2022, the Work Programme on Just Transition Pathways was established, and its modalities were adopted at COP28 in the United Arab Emirates². Countries' climate pledges – Nationally Determined Contributions (NDCs) – have increasingly prioritized just transition and several countries have established national coalitions, programmes, and processes. Indeed, the high-profile Just Energy Transition Partnerships (JETPs) in countries like South Africa and Viet Nam have recognized that any

major transition away from fossil fuels must address equity and ensure no one is left behind.

Equally, just transition is a critical factor for implementing the Kunming-Montreal Global Biodiversity Framework. Efforts to provide decent work, eradicate poverty and create inclusive society and economies in the shift to a net-zero and climate resilient economy depend on achieving biodiversity goals such as conserving 30% of land, water and seas; restoring 30% of degraded ecosystems; and enhancing the sustainability of agriculture, aquaculture, fisheries, and forestry, along with improved land- and sea-use planning and management.

Simultaneously, at the corporate level, the development of international standards for businesses is crucial in supporting a just transition. These standards ensure that businesses are accountable for their impact on society and the environment and encourage practices that promote equality, non-discrimination, and inclusive growth. For instance, the International Labour Organization (ILO) standards provide a robust framework for addressing the challenges in the world of work associated with the greening of the economy and the broader transition towards sustainable development and poverty eradication. Additionally, the UN Guiding Principles on

¹ Kunming-Montreal Global Biodiversity Framework - Target 18: "Identify by 2025, and eliminate, phase out or reform incentives, including subsidies, harmful for biodiversity, in a proportionate, just, fair, effective and equitable way..."

² UNFCCC (2023). United Arab Emirates Just Transition work programme.

Business and Human Rights (UNGPs) outline the responsibility of businesses to respect human rights and contribute to sustainable development. These principles, together with other international and national standards on responsible business conduct, such as the OECD Guidelines for Multinational Enterprises, provide a comprehensive framework for businesses to engage in practices that support a just transition. Analysis and lessons learned across economies and communities will be critical as countries explore the right modalities to achieve their priorities and business shift from climate change commitments to tangible actions. Employing just transition principles through collective and participatory decision-making is crucial to enhancing social cohesion and acceptability of climate and nature measures, no matter the scale of the economy. Much can be learned from historical reminders such as France's "Yellow Vests" protests triggered by a green tax, agricultural protests in India or the European Union, and civil unrest in Chile and Ecuador due to perceived inequalities in the green transition.

With careful management of these changes, a just transition serves as an enabler for ambitious actions towards a net-zero, climate resilient and nature-positive economy by fostering socio-economic empowerment. It empowers individuals at all levels, including women, youth, indigenous peoples and local communities, creating key enabling environments—including social, human, technical, and financial capacities—essential for harnessing the benefits

of the green transition. Furthermore, it supports progress across all SDGs, driving job creation, building resilience, promoting social justice, advancing gender equality, and eradicating poverty. According to a study by the ILO³, implementing the necessary measures to fulfill the Paris Agreement could result in a net gain of 24 million jobs by 2030. Moreover, research by the World Economic Forum indicates that a nature-positive economy could generate up to \$10.1 trillion in annual business value and create 395 million jobs by 2030.⁴

The aim of this paper is to describe the characteristics of a just transition to a net-zero, climate resilient and nature-positive future for both public and private sector actors, and identify supporting principles, processes and practices that can be applied across country contexts, highlighting four key areas:

1. Assessment
2. Engagement
3. Institutional, policy and capacity support
4. Finance

This report emerges from UNDP's country-level experiences, engagement with global dialogues on climate, nature, and justice, and deep analysis across methodologies, tools, and frameworks. It includes lessons from current practices and emphasizes the crucial aspects of climate action and nature restoration as fundamental drivers of the just transition.

³ ILO (2018). [World Employment and Social Outlook 2018: Greening with jobs](#).

⁴ WEF (2020). [The Future of Nature and Business](#). New Nature Economy Report II

II. The issue of definition: why is it challenging to design and deliver a just transition?

The concept of a just transition commonly advocates for social justice and equity in environmental action but lacks a universally accepted definition⁵, with perceptions varying significantly across countries and regions. A key balance must be struck: how can global frameworks be established while also supporting each country in designing its pathway based on its own needs and priorities?

a) Exploring the Complexity: Understanding the Nuances of the Just Transition Concept

Unpacking the Multifaceted Nature of the concept of justice. The following four elements, extracted from various justice-related literature (i.e., energy, climate, environmental, social justice), can be used to assess just transitions:

- **Distributive Justice:** Aims at the equitable and fair distribution of the costs and benefits of transitioning to a sustainable economy. It can also relate to the concept of spatial justice and intergenerational justice, which designates the fair and equitable distribution in space and time of socially valued resources and opportunities to use them.

- **Recognitional Justice:** Recognizes and respects the varied needs, identities, and vulnerabilities within society, addressing systemic inequalities and striving for equitable outcomes, including upholding mandatory norms on Social and Environmental standards.
- **Procedural Justice:** Focuses on fair and transparent decision-making with meaningful participation from all stakeholders, especially those most affected.
- **Restorative Justice:** Seeks to repair the damage already done to a person, a group, or a society.

Hence to ensure a just transition, it is necessary to define who is affected by the change and how, who is and is not involved in the change process, and who has power within change realization. To date, the focus has been mostly focused on distributive and procedural justice⁶, and limited to specific stakeholders (i.e., workers in male-dominated industries) in a narrow range of sectors (mostly energy). However, experience shows that achieving a just transition while combatting climate change, biodiversity loss and ecosystem degradation has much broader systematic implications for a wide range of stakeholders including consumers,

⁵ For UNDP, just transition is fundamentally about the principle, process, and practice of embedding justice, human rights, and inclusivity, into linked nature and climate action.

⁶ T.Chan, J-A. Wang, C. Higham. LSE Grantham Research Institute and the Just Transition Finance Lab. (2024). [Mapping justice in national climate action: a global overview of just transition policies.](#)

employers, and communities, and requires economic transformation across all sectors and industries. While energy is a major component of this shift, the limited focus on energy transition may perpetuate existing vulnerabilities and overlook issues related to the finite nature of natural resources, the impacts on ecosystems services, and systematic inequalities, while further politicizing the agenda.

***b) Bringing Concepts to Action:
Implementing Strategies for a Just
Transition Towards Net-Zero, Climate
Resilient and Nature Positive Future***

Contextual Specificity in Just Transition Pathways.

Injustices and the processes of change differ depending on geographic, historical, and social contexts. As a result, a "one size fits all" approach to just transition is not possible; instead, there are multiple pathways, a perspective reinforced by the outcomes of the UAE's Just Transition Work Programme.

Key enablers for operationalizing just transition include:

- *The Need for Dialogue:* A critical aspect of a just transition is the need for countries to engage in ongoing dialogue. This dialogue aims to develop a shared vision of a just transition, reflecting local realities and based on stakeholder engagement. There is no one-size-fits-all blueprint for a just

transition. Instead, it requires policies supported by a robust social consensus on sustainability goals and pathways. Such consensus is achieved through dialogue with diverse stakeholders, making these policies more likely to succeed and mitigate risks.

- *Assessing transition Impacts:* Stakeholder consultation and dialogue are further informed by assessments of the socio-economic and environmental impacts of the green transition. These assessments help us understand the potential benefits, costs, and their distribution across society. They also help identify vulnerable populations, transition hotspots, and blind spots. This step is crucial in identifying what we are transitioning towards and what we are moving away from.

Proactive Approach: A just transition also entails a proactive approach to minimize potential risks while maximizing the benefits of the green transition. It ensures that the costs and benefits of the transition are equitably distributed across society. This may require institutional, policy, capacity building, and financial support. This includes relevant macroeconomic and growth policies, industrial and sectoral policies, enterprise policies, social protection policies, skills development, and related capacity building. Financial and technical support and investments are also necessary for building the economies of tomorrow.

III. Key Principles, Processes, and Practices of Just Transition

This section features an analysis of the operationalization of the just transition both at a country-level and for private sector actors. It also reflects on the complementary roles of government, corporates, and financial institutions in achieving, and especially financing, a just transition.

UNDP has identified four entry points to integrate just transition principles, processes, and practices into the design and implementation of national and corporate climate and nature pledges:

1. **Assessment:** Qualitative and quantitative assessments and modelling transition (e.g., estimate the impacts of climate and nature actions).
2. **Engagement:** Social dialogues and stakeholder consultation to build consensus for just transition objectives and strategies.
3. **Institutional, policy and capacity support:** Strengthen enabling environments to maximize the opportunities of a green transition while minimizing potential losses through targeted policy, institutional, regulatory, and capacity-building support.
4. **Finance:** Adapting investments to operationalize just transition strategies.

a) Country-level perspective

The following paragraphs detail each entry point from a country-level perspective. Examples of

good country practice for each are available in annex 2.

Assessment

One of the key challenges in addressing the distributional consequences of climate and nature action is the uncertainty in its net benefits, as well as the distribution of costs and benefits among the population. It is important to conduct qualitative and quantitative assessments (e.g., modelling) ex ante and ex-post to estimate the impacts of climate and nature measures on aspects including GDP, employment, skills, income distribution, gender inequality and other social and environmental impacts.

Engagement

Once impacts are assessed, it becomes a collective task for government and society to understand synergies, identify priorities, and align efforts across sectors. Many countries embed social dialogue and stakeholder consultations in their Nationally Determined Contributions (NDCs) and National Biodiversity Strategy and Action Plans (NBSAPs). Ongoing consultation with stakeholders builds consensus on sustainability pathways. Social dialogue, involving negotiations among governments, workers, and unions, is crucial for a just transition. These agents of change share the responsibility for supporting the goals of the Paris Agreement, the Kunming-Montreal Global Biodiversity Framework, and other environmental agreements.

Institutional, policy and capacity support

This includes national just transition strategies, sector-specific regulations, and inclusive decision-making frameworks, alongside robust monitoring and evaluation mechanisms. This also includes investing in human capital, training, and education systems, as well as proposing strategies to challenge social norms and gender stereotypes to open new opportunities to diverse groups.

Finance

According to the IPCC, climate finance is crucial for a successful global low-carbon transition. The Kunming-Montreal Global Biodiversity Framework also stresses the importance of finance for a just, nature-positive future. Financial institutions globally recognize their role in reducing biodiversity loss and establishing natural capital markets. The challenge is to shift public and private funding towards sustainability measures that provide quality employment, social integration, and poverty elimination. Transitioning to low-GHG resilient economies requires investments of USD 4-6 trillion annually until 2030⁷, while the biodiversity finance gap is USD 700 billion per year.⁸ Both public and private sectors must contribute, as governments alone cannot cover these costs.

b) Private Sector perspective

The private sector has a central role to play in achieving a just transition. A study commissioned by the UN High-Level Climate Action Champions concluded that the private sector could provide 70% of the total investments needed to achieve net zero emissions targets.⁹ In addition, there is increasing awareness that climate change and

nature loss can affect businesses, the global economy and financial stability and that businesses and financial institutions activities depend and can create negative impacts on nature. According to the World Bank, USD 2.7 trillion annually could be lost by the global economy by 2030 if biodiversity loss and the collapse of ecosystem services continue at the current pace.¹⁰ In March 2022, the Network for Greening the Financial System (NGFS), recognized that nature-related risks could significantly impact the macroeconomy, and ignoring them could pose threats to both individual financial institutions and overall financial stability. The business rationale for just transition is also clear, with several identified benefits for companies integrating just transition into their processes¹¹.

While interest in a just transition to sustainable practices has surged, tangible evidence of implementation remains limited. Despite an increase in climate commitments from non-state entities and the incorporation of just transition principles in corporate disclosures, a significant gap persists in organizational preparedness for such a transition. Commitments include the execution of pledges to reduce greenhouse gas (GHG) emissions at the corporate level. Alarmingly, only a handful of these actors can demonstrate a credible climate transition plan aligned with the ambitious 1.5°C target. Furthermore, a mere 9% of the over 18,600 organizations reporting through the CDP's climate change questionnaire have made their

⁷ UNEP (2022). Emissions Gap Report 2022 (p. XXVI). <https://www.unep.org/resources/emissions-gap-report-2022>

⁸ Deutz, A., et.al. 2020. Financing Nature: Closing the global biodiversity financing gap. https://www.paulsoninstitute.org/wp-content/uploads/2020/10/FINANCING-NATURE_Full-Report_Final-with-endorsements_101420.pdf

⁹ Glasgow Financial Alliance for Net Zero (2022). [Financial Institution Net-Zero Transition Plans: Fundamentals, Recommendations, and Guidance](#).

¹⁰ World Bank (2021). [The Economic Case for Nature: A Global Earth-Economy Model to Assess Development Policy Pathways](#).

¹¹ United Nations – Global Compact (2022). [Introduction to Just Transition: A Business Brief](#).

transition strategies publicly accessible.¹²¹³ There is also limited focus on the unintended consequences of corporate transitions, including on society and the environment, and the necessary safeguards that must be established to advance climate targets.

For nature action, only 5% of global top 500 companies have so far set nature targets¹⁴. Nature action is lagging despite global standards and frameworks for nature-related target setting and risk management. These include the Global reporting Initiative (GRI) Biodiversity Standards and the recommendations of the Taskforce on Nature-Related Financial Disclosures (TNFD). Integrated transition plans that combine both climate and nature objectives can set out how a business will respond and contribute to the economic transition in a synergetic manner. Such plans would outline how a business will support the just economic transition needed to meet global and national climate and nature goals and SDGs.

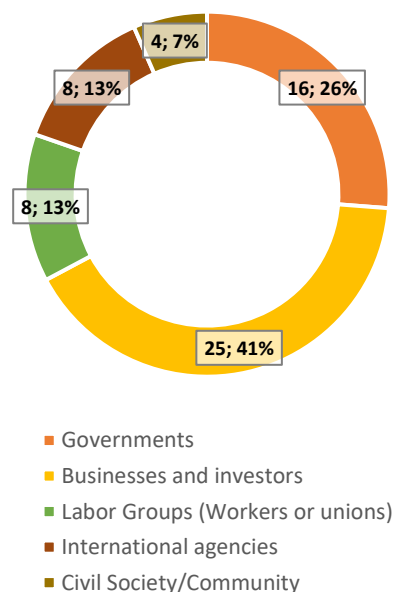
Comprehensive guides have recently been introduced to help businesses and financial institutions shift from commitment to tangible actions. These resources offer practical steps for integrating sustainability and respect for mandatory norms on Social and Environmental standards into their core strategies. They serve as a bridge, transforming promises into measurable progress by setting strategies that align with environmental objectives. The effectiveness of these guides, however, depends on the proactive engagement of the businesses and financial institutions.

Available methodologies, frameworks and instruments on just transition for the private sector

This section is based on a comprehensive mapping exercise of 35 methodologies, frameworks and instruments from global organizations (see [annex 1](#) for more details) that focus on the concept of a just transition. The framework of our analysis is structured around the four key areas of the UNDP framework for just transition mainstreaming described at the beginning of 0.

The types of documents analysed were predominantly "Frameworks or Guidelines" (66%), providing principles or best practices for decision-making. "Tools or Instruments" constituted 26% of the sample, offering practical methods, while only 8% were "Methodologies," detailing specific procedures for achieving objectives. This indicates a predominance of high-level guidance documents, with fewer detailed and practical documents available.

Regarding target audiences, most documents are tailored to diverse groups, with businesses and investors being the primary audience.



¹² LSE Grantham Research Institute, Council for Inclusive Capitalism, World Benchmarking Alliance (2023). [Moving from pledges to implementation: a guide for corporate just transition action](#).

¹³ OECD (2024). Key Issues Note for the 2024 G20 SFWG. [Advancing Robust, Credible and Just Transition Plans](#). 2nd Meeting of the SFWG, Brasília, 1-2 April 2024.

¹⁴ WEF. Nature Action Agenda. <https://www.weforum.org/projects/nature-action-agenda/>

Government entities, labour groups, international agencies, and civil society or community groups follow in descending order.

Integration of nature and biodiversity into the just transition discourse

When analyzing the inclusion of climate and nature-related topics in the just transition, our findings demonstrate a pronounced emphasis on climate and energy, which are referenced in 91% of the reviewed methodologies, frameworks, and tools. Conversely, issues related to nature and biodiversity appear in only 53% of these documents. Specifically, the terms "climate/climate change" and "energy" were cited 2,112 and 1,229 times respectively across 32 and 27 documents, indicating a broad and detailed engagement with these subjects. In contrast, "nature" and "biodiversity" were mentioned only 108 and 65 times respectively, highlighting their relative underrepresentation. This disparity underscores that while climate and energy are comprehensively addressed, nature and biodiversity do not receive equivalent attention. To ensure a just transition that fully encompasses all environmental dimensions, it is imperative to address this imbalance by more thoroughly integrating nature and biodiversity into the relevant discourse.

Incorporation of the 'Just' Component in Transition Planning

The analysis of 35 documents reveals that 63% of these frameworks, tools, and methodologies have embedded the just component throughout their planning processes. While it highlights the importance of fairness in the transition to a low-carbon economy, it also suggests that there is still room for improvement.

Analyzing further the documents through the lens of the 4 areas of the UNDP Just Transition framework, we notice that most documents

address 3 of the 4 areas ("Assessment", "Engagement" or "Institution, Policy and Capacity Building") with a medium level of specificity (i.e., "to some extent" but not making it a central issue tackled in depth). In the case of the "Finance" area, the levels of specificity with which these issues are addressed are lower, or only superficially mentioned or not mentioned at all.

The following paragraphs detail each area. Further examples of available methodologies, frameworks or instruments are available in annex 3.

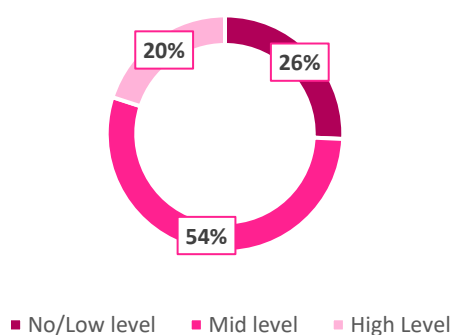
Assessment

Evaluating the social and environmental dimension of a just transition presents a unique challenge for financial institutions. It involves analyzing potential risks and opportunities associated with the transition, including effects on employment, socio-economic conditions, and the natural environment. Data collected can be used to inform decision-making, mitigate potential risks, and maximize the positive social and environmental outcomes of the transition process.

While financial metrics offer a clear picture of economic risks and rewards, measuring social and environmental impacts requires a multifaceted approach that incorporates both qualitative and quantitative data.¹⁵ Financial institutions are increasingly exploring methodologies that combine these two approaches. Moreover, assessing social factors appears to be more challenging due to the breadth, interconnectivity, and complexity of social matters, including wider labor-related issues; and the capacity of real economy actors, particularly the MSMEs to collect and provide data.¹⁶

¹⁵ LSE Grantham Research Institute (2024). [What is the just transition and what does it mean for climate action?](#)

¹⁶ International Labour Organization (2022). [Finance for a Just Transition and the Role of Transition Finance.](#)



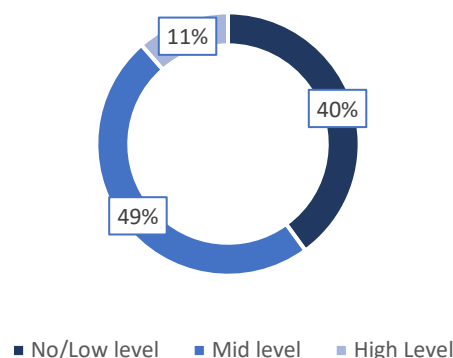
Most analyzed documents emphasize the importance of strong impact estimation. Our analysis shows that 67% of documents adopt an inside-out approach to social impact assessments, ensuring that benefits adequately reach workers and communities.

An important trend for businesses in the context of identifying and assessing both societal and environmental adverse impacts is the emergence of norms requiring mandatory human rights and environmental due diligence. Here, the UN Guiding Principles on Business and Human Rights, taken together with the OECD Guidelines for Multinational Enterprises and ILO's MNE Declaration, provide the key international framework for businesses to identify and address potential and actual human rights abuses throughout their operations and supply chains.

Engagement

A socially inclusive planning process is critical for a just transition. Financial institutions are increasingly recognizing the importance of social dialogue and stakeholder consultation in building consensus for a just transition to a low-carbon economy. Stakeholder engagement and social dialogue are emphasized in almost 95% of the documents analyzed. All stakeholders, particularly those affected by social and environmental impacts, should be invited to identify risks, impacts, opportunities, and principles, leading to improved outcomes, and reduced social conflict. These dialogues are

essential for building a shared understanding and consensus on the path forward, ensuring that the transition is not only environmentally sustainable but also socially equitable and inclusive.



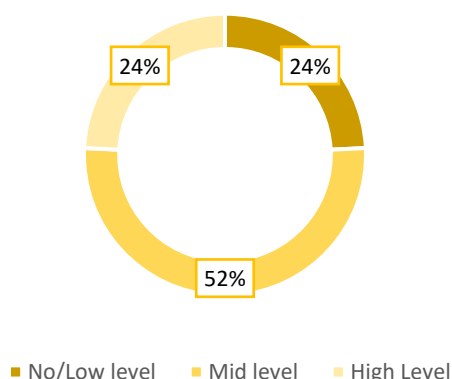
Private sector institutions can contribute by consulting, identifying financing needs, forming partnerships, and generating ideas. The development of climate response plans requires active social dialogues with workers, trade unions, and communities. Tripartite dialogues and consultations with civil society organizations can inform policy and decision-making. Financial institutions can leverage their position at the cross-roads of businesses, labor, government and civil society to coordinate efforts across actors and sectors.

Such engagement and participation may require further investments to support affected groups to fully and meaningfully engage, including by accessing information and relevant expertise. For instance, engagement with indigenous communities should be guided by the UN Declaration on the Rights of Indigenous People (UNDRIP) and the right to Free, Prior, and Informed Consent (FPIC) and engaging on children's rights can be guided by the UNICEF Tool for Businesses on 'Engaging Stakeholders on Children's Rights'.

Institutional, policy and capacity building

Financial institutions and businesses are recognizing their role in fostering a just

transition by promoting decent work, skill development, and supportive institutional structures.

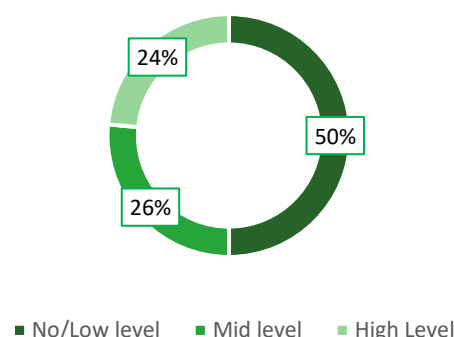


Some financial institutions are advocating for broader institutional support for the just transition. This can involve engaging with policymakers to encourage supportive regulations and incentives that promote workforce development, just transition investments, and a smoother economic transition for impacted communities¹⁷. Banks could, for example, prioritize loans for sustainable businesses and infrastructure projects, while divesting from those heavily reliant on fossil fuels and driving destruction of nature and ecosystem services¹⁸.

Businesses can advocate for collective action and policy alignment in areas such as social protection, education, and technology development. Leadership commitment is essential, with responsibilities clearly assigned for the transition. For instance, a renewable energy company could push for tax breaks for green technologies while simultaneously funding skills training programs to transition workers from fossil fuel industries¹⁹.

Support for education and skills development can accelerate the transition and improve access to sustainable livelihoods. Training tailored to specific needs, along with continuous reskilling and upskilling services, is vital. Some financial institutions are making some initial efforts to address workforce challenges within the just transition conversation. More is needed to unlock the potential of financial institutions to not only support the workforce, but also the wider community and environmental impacts, including regarding increased demand for land, stranded infrastructure assets discharging pollution, critical transition minerals, renewable energy generation, distribution, and end of life.

Finance



The topic "aligning financial flows for just transition" is discussed in 43% of the documents analyzed, while "access to or promotion of financial services, instruments or tools" is only discussed in 26% of the documents.

To operationalize just transition strategies, private sector actors adaptation requires a comprehensive approach that encompasses financial planning, finance related policies alignment, fiscal reform, and strategic financing instruments. The private sector can make significant contributions, such as paying fair taxes, establishing social protection systems to

¹⁷ UN Global Compact (2022). [Financing a Just Transition](#).

¹⁸ PRI (2018). [Climate change and the just transition: a guide for investor action](#)

¹⁹ WEF (2022). [The Chairperson's Guide to a Just Transition](#).

support communities affected by the transition, and developing operational-level grievance mechanisms to remediate any transition-related adverse impacts.

Financial institutions and businesses are actively exploring ways to adapt private investment to operationalize just transition strategies. It involves directing capital towards projects or companies that contribute to a low-carbon future while minimizing social disruptions for workers and communities and environmental impacts, integrating just transition considerations into existing frameworks like ESG investing, developing new financial products. Transparency and communication about climate transition strategies can be enhanced through labeled debt instruments, which can bolster

market confidence. The emergence of norms requiring mandatory social and environmental risk assessments for many businesses also presents an opportunity for derisking transition investments throughout the value chain.

Despite progress in recognizing the importance of just transition principles, much work remains to be done in terms of implementation and preparedness. By adopting comprehensive assessment, engagement, capacity building, and finance strategies, the private sector can play a transformative role in ensuring that the shift to a low-carbon economy is fair and inclusive for all stakeholders.

IV. Call for action

The urgency of addressing the climate and nature crises through a just transition cannot be overstated. The scale and speed of change needed to fulfill the goals of the Paris Agreement and Kunming-Montreal Global Biodiversity Framework require fundamental shifts across economies. However, these changes pose risks that can exacerbate job losses, inequality, and civil unrest. Failing to address the socio-economic impacts of climate action and the distributional consequences of the transition could undermine the very ambitious goals we seek to achieve.

The G20 Finance Ministries and Central Banks have a pivotal role in steering this transition, ensuring that it not only mitigates the effects of climate change but also promotes social and economic justice, and safeguards biodiversity. Based on the outcomes of the analysis and building on the G20 Sustainable Finance Roadmap²⁰, the UNDP provides the following recommendations to continue advancing sustainable finance through the lens of a Just Transition:

Roadmap focus area 1: market development and approaches to align investments to Sustainability Goals

Recommendation 1.a [targeting governmental organizations, international organizations, initiatives, and networks, and private sector actors]: Align financial framework and flows with just transition principles and process.

This includes developing coherent just transition frameworks that facilitate policy coordination across sectors and government levels. These frameworks could outline the long-term financing needs and plans essential for ensuring the implementation, scalability, and sustainability of the transition. Additionally,

some public funds could be earmarked for specific transition projects and activities and leveraged to attract private investments.

Recommendation 1.b [targeting G20 jurisdictions]: Strengthen regulations to ensure that financial institutions and businesses integrate just transition criteria along with existing environmental, social, and governance (ESG) criteria into their investment and lending practices.

To achieve fair opportunities and mitigate adverse impacts on communities, financial institutions and businesses could adopt a holistic and equitable approach to sustainability transition by adopting inclusive decision-making processes, prioritizing social equity, and supporting vulnerable workers through reskilling, social protection, and economic diversification, all informed by rigorous social science research.

Regulation could be strengthened to ensure that just elements which support workers and communities are integrated in the design and implementation of transition plans. In addition, financial institutions and business could be encouraged to proactively identify and champion opportunities to develop and promote financial instruments that offer targeted support for workers, communities, and sectors most impacted by the transition to a sustainable economy.

Roadmap focus area 2: Consistent, comparable, and decision-useful information on sustainability risks, opportunities and impacts

Recommendations 2.a [targeting the government's, private sector, international organizations, initiatives, and networks]:

²⁰ The G20 Sustainable Finance Roadmap was endorsed by G20 Leaders under Italy Presidency in 2021. The Roadmap

is available for download on the SFWG website in several languages: <https://g20sfwg.org/roadmap/>

Enhancing sustainability data strategies for Just Transition

Governments, International Organizations, financial institutions, labor organizations, NGOs, and community groups could collaborate with private sector actors to develop data strategies that effectively address Just Transition concerns. These data strategies could:

- ensure that data collection includes a focus on the social dimensions of sustainability, specifically related to employment, income distribution, and community well-being during transitions,
- rely on consistent and comparable methodologies and indicators.

This includes enhancing both the comparability of indicators through consistent methodologies, as well as the accessibility of publicly available sustainability data. Additionally, this could involve reviewing the G20 Data Gap Initiatives to integrate key socio-economic just transition indicators and involving civil society organizations (CSOs) in monitoring G20 progress in sustainable finance through a formal channel, building on the G20 Social.

Recommendations 2.b [targeting governmental organizations, standard setters and IOs]: Enhancing sustainability reporting standards and requirements for Just Transition

Harmonized standards and reporting frameworks could be created for adoption by G20 members. These reporting standards and frameworks could extend beyond climate-related information to encompass social aspects of Just Transition, including job creation, worker retraining, and community resilience. These standards and frameworks must consider the challenges faced by workers, communities, vulnerable populations and industries during this shift and highlight the impacts of sustainable finance decisions on these stakeholders. The standards and frameworks development processes could ensure inclusivity by engaging with labor unions, community representatives, and affected stakeholders.

To ensure that the private sector effectively integrates socio-economic and environmental considerations into their transition strategies and activities, the G20 could promote the adoption of mandatory social and environmental risk and impact assessment and disclosure requirements for businesses and financial institutions operating within their jurisdictions. This information helps understand the potential benefits, costs, and their distribution across society. They also help identify vulnerable populations, transition hotspots, and blind spots. This step is crucial in identifying what we are transitioning towards and what we are moving away from.

Roadmap focus area 3: Assessment and management of climate and sustainability risks

Recommendations 3.a [targeting financial institutions, central banks, ministries of finance, regulators, supervisors]: Financial institutions could actively engage in assessing their exposure to just transition related risks. Coordination efforts could be in place between G20 central banks, ministries of finance, regulators, supervisors and relevant bodies to identify, measure, and manage just transition-related systemic financial risks.

This could include the development of consistent transition-risk definitions, tools, and methodologies to assess financial sector exposure to sustainability risks, with a focus on ensuring a fair and inclusive transition.

Recommendations 3.b [targeting G20 finance ministries, central banks and other relevant entities]: Both environmental and social risks and impacts assessments could be integrated into macroeconomic policy planning.

Just transition considerations could be integrated into macroeconomic policy, planning and budgeting, fiscal planning, public investment management, procurement, monetary policy, and bank operations, and mobilizing resources for transition activities. For example, green fiscal policies, such as a carbon

tax, can be designed to maximize benefits for just transition purposes and share the proceeds with those most affected.

This involves using models that account for the long-term impacts of climate, nature and social change on economic stability and growth. Additionally, prior to their implementation, it is crucial to assess the social impacts of fiscal policies that support green investments, such as tax incentives for renewable energy projects, subsidies for clean technology adoption, and carbon pricing mechanisms.

Roadmap focus area 4: Role of IFIs, public finance and incentives

Recommendations 4.a [targeting G20 jurisdictions]: Commit to integrating just transition considerations into the Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), Long-Term Low Emission Development Strategies (LT-LEDS), and National Biodiversity Strategies and Action Plans (NBSAPs).

We need all hands-on deck to ensure that NDCs, NBSAPs, and other national strategies are embraced by all parts of society, including both public and private sectors, and remain a strong investment plan for a better future. As countries prepare for the NDC update in 2025 and update their NBSAPs to align with the Kunming-Montreal Global Biodiversity Framework by October 2024, there is a unique opportunity to embed the principles and processes of a just transition within them. NDCs, NBSAPs, and other climate strategies provide a structured platform for managing the socio-economic impacts of the transition, ensuring inclusive stakeholder engagement and equitable distribution of benefits. G20 members can also mandate international organizations to track the number of countries and the extent to which they are embedding just transition considerations into their NDCs, and promote the exchange of best practices in advance of the UN Climate Conference to be held in Belem, Brazil, in 2025 (COP30).

Recommendations 4.b [targeting Multilateral Development Banks (MDB)]: MDB could consider not only environmental goals but also social equity, worker rights, and community well-being in their climate action.

MDBs play a crucial role in climate action. To ensure a just transition, MDBs could ensure alignment of their climate actions with just transition principles. Transparent reporting could also provide clear information on how climate actions directly benefit affected communities and workers.

Roadmap focus area 5: Cross-cutting issues

Recommendation 5.a [targeting G20 jurisdictions and international organizations, networks and groups]: Strengthen institutional, policy and capacity-building support to create an enabling environment for a Just Transition

A just transition entails a proactive approach to minimize potential risks while maximizing the benefits of the green transition, ensuring that the costs and benefits are equitably distributed across society. This requires institutional, policy and capacity building support. Relevant measures include macroeconomic and growth policies, industrial and sectoral policies, regulations, enterprise policies, social protection policies, skills development, and related capacity building, along with robust monitoring, reporting, and verification mechanisms. Specific recommendations for G20 include:

- Implement gender-responsive and socially inclusive policies that address the specific needs of vulnerable groups, including women, youth, and indigenous peoples.
- Develop a coherent monitoring and evaluation framework to measure and track the progress of just transitions in both the private and public sectors.
- Explore supporting digital tools which leverage technology to better benefit or

engage workers, communities, and the environment in economic transitions.

- Support capacity building by investing in education, training, and skill development programs to equip the workforce with the necessary skills for green jobs and ensure that communities are prepared to participate actively in the transition to a low-carbon economy.

Recommendations 5.b [targeting G20 finance ministers, central bank, civil society and other relevant stakeholders]: Engage in dialogues applying a whole-of-government and whole-of-society approach.

A critical aspect of a just transition is the need for countries, companies, and all stakeholders to engage in ongoing dialogue. This dialogue aims to develop a shared vision of a just transition, reflecting local realities and based on stakeholder engagement. There is no one-size-fits-all blueprint for a just transition. Instead, it requires policies supported by a robust social consensus on sustainability goals and pathways. This also involves inter-ministerial dialogue and a whole-of-government engagement, highlighting the leading role of finance ministers and central banks in mainstreaming just transition considerations in fiscal, monetary, financial, and structural policies, budgeting, procurement, and regulations.

These recommendations are not merely aspirational but are grounded in the realities of a rapidly changing global economy and the urgent need to address the climate and nature crises. By taking a proactive and principled approach to the just transition, G20 countries can position themselves as leaders in sustainable and equitable development, fostering long-term economic resilience, social stability, and environmental sustainability.

We urge the G20 to seize this opportunity and embrace your role as champions of a just transition.

The time for action is now. Let us collectively chart a path towards a sustainable future that leaves no one behind.

Annex 1

Organization	Tools, Frameworks, Methodologies & Instruments	Hyperlink
B-Lab	Just Transition: A Business Guide	https://bteam.org/assets/reports/Just-Transition-A-Business-Guide.pdf
Business for Inclusive Growth (B4IG)	Indicators to analyse and measure the social challenges of the Just Transition	https://www.b4ig.org/b4ig-publishes-its-indicators-to-analyse-and-measure-the-social-challenges-of-the-just-transition/
Climate Bonds Initiative (CBI)	Transition finance for transforming companies	https://www.climatebonds.net/files/files/Transition Finance/Transition Finance for Transforming Companies ENG - 10 Sept 2021 .pdf
Climate Action 100+	Just Transition indicator	https://www.climateaction100.org/news/a-need-for-robust-just-transition-planning/
Climate Investment Funds	Just Transition Planning Toolbox	https://cif.org/just-transition-toolbox/home
Climate Justice Alliance (CJA)	Just Transition: A Framework for Change	https://climatejusticealliance.org/just-transition/
Coalition of Finance Ministers for Climate Action	Green Transition Work Program	Private Work Program
Council for Inclusive Capitalism	Just Transition Framework for Company Action	https://www.inclusivecapitalism.com/just-energy-transition-company-framework/
Glasgow Financial Alliance for Net Zero (GFANZ)	Baseline for Net Zero Transition Planning	https://assets.bbhub.io/company/sites/63/2022/10/GFANZ_Towards-a-Global-Baseline-for-Net-Zero-Transition-Planning_November2022.pdf
Global Impact Investing Network (GIIN)	IRIS+	https://iris.thegiin.org/standards/
Global Impact Investing Network (GIIN)	Quality Jobs Investments	https://thegiin.org/assets/Understanding_Impact_Performance_Quality_Jobs_webfile.pdf
Grantham Research Institute on Climate	Financing a Just Transition Alliance (FJTA)	https://www.lse.ac.uk/granthaminstitute/financing-a-just-transition/

Change and the Environment		
Grantham Research Institute on Climate Change and the Environment	Making transition plans just: how to embed the just transition into financial sector net zero plans	https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/10/Making-Transition-Plans-Just-2.pdf
Grantham Research Institute on Climate Change and the Environment and Harvard Kennedy School-Initiative for Responsible Investment	Investing in a Just Transition Initiative - A guide for investor action	https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2018/12/Climate-change-and-the-just-transition_Guide-for-investor-action.pdf
ICMA	Climate Transition Finance Handbook	https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Climate-Transition-Finance-Handbook-December-2020-091220.pdf
International Labour Organization (ILO)	Assessing Green Jobs Potential in Developing Countries: A Practitioner's Guide	https://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_153458/lang--en/index.htm
International Labour Organization (ILO)	Climate Action for Jobs (CA4J) initiative	https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/genericdocument/wcms_732092.pdf
International Labour Organization (ILO)	Finance for a Just Transition and the Role of Transition Finance	https://g20sfwg.org/wp-content/uploads/2022/07/Finance-for-a-Just-Transition-and-the-Role-of-Transition-Finance-ILO.pdf
International Labour Organization (ILO)	Guidelines for a just transition towards environmentally sustainable economies and societies for all	https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_432859.pdf
International Labour Organization (ILO)	Indigenous Peoples and a Just Transition for All	https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_860607.pdf
International Labour Organization (ILO)	Just Transition Finance Tool for banking and investing activities	https://www.ilo.org/empent/areas/social-finance/publications/WCMS_860182/lang--en/index.htm

International Labour Organization (ILO)	Just Transition Innovation Facility	https://www.climateaction4jobs.org/innovation/
International Labour Organization (ILO)	The Green Jobs Assessment Institutions Network (GAIN)	https://www.ilo.org/global/topics/green-jobs/areas-of-work/gain/WCMS_565193/lang--en/index.htm
International Renewable Energy Agency (IRENA)	Collaborative Framework on Just & Inclusive Energy Transition	https://www.irena.org/How-we-work/Collaborative-frameworks
MDBs	MDB Just Transition High-Level Principles	https://www.adb.org/sites/default/files/related/238191/MDBs-Just-Transition-High-Level-Principles-Statement.pdf
OECD	Due Diligence Guidance for Responsible Business Conduct	https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm
Place-based Climate Action Network (PCAN)	Just Transition Jobs Tracker	https://pcancities.org.uk/tracking-local-employment-green-economy-pcan-just-transition-jobs-tracker
Shift	How the UN Guiding Principles can help companies to respect human rights when taking climate action	https://shiftproject.org/resource/climate-action-and-human-rights/
Shift	UN Guiding Principles Reporting Framework with implementation guidance	https://shiftproject.org/wp-content/uploads/2015/02/UNGPRReportingFramework_withguidance2017.pdf
Stockholm Environment Institute	Seven principles to realize a just transition to a low-carbon economy	https://www.sei.org/publications/seven-principles-to-realize-a-just-transition-to-a-low-carbon-economy/
Transition Plan Taskforce (TPT)	Putting People at the Heart of Transition Plans: key steps and metrics for issuers	https://transitiontaskforce.net/wp-content/uploads/2024/04/Just-Transition.pdf
UNDP	Issue Brief: Just Transition	https://www.undp.org/sites/g/files/zskgke326/files/2022-09/Just Transition Issue Brief.pdf
UNEP FI	Just Transition Finance: Pathways for Banking and Insurance	https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/Just-transition-finance_Pathway-for-Banking-and-Insurance.pdf
UNFCCC	Just Transition of the Workforce, and the Creation of Decent Work and Quality Jobs	https://unfccc.int/sites/default/files/resource/Just transition.pdf
WBA	Just Transition Assessment	https://www.worldbenchmarkingalliance.org/research/2021-just-transition-assessment/

Annex 2

Example of country practices for each of the entry points of the UNDP Just Transition Framework.

Entry points	Country Examples
<i>Assessment</i>	<ul style="list-style-type: none"> • In Nigeria and Zimbabwe, results from the national green jobs assessments using the quantitative Green Jobs Assessment Model (GJAM) have informed Nationally Determined Contributions and just transition roadmaps in both countries.²¹ • In Serbia, a qualitative baseline analysis was conducted for a just transition with the focus on leaving no one behind in coal intensive regions and communities. The study gives an overview of international best practices worldwide and provides a 7-step approach in establishing a roadmap and follow-up actions for just transition.²² • Poland conducted an impact assessment of coal mine closures in the Silesia region, examining the economic and social implications. The assessment highlighted the need for regional economic diversification and support for displaced workers, leading to the creation of policies aimed at reskilling workers and attracting new industries.²³
<i>Engagement (whole of society & whole of government)</i>	<ul style="list-style-type: none"> • The Presidential Climate Commission (PCC) in South Africa focuses on driving a just transition through comprehensive planning and stakeholder engagement. The PCC's framework outlines actions to support workers and communities affected by the transition away from fossil fuels, ensuring they have access to new economic opportunities and social protection. This includes measures such as job retraining programs and investment in sustainable industries.²⁴ • Costa Rica realizes how conservation and sustainable use of biodiversity can also be a powerful strategy to engage and positively impact indigenous peoples, youth and women. Through UNDP support, the More Women More Nature Program placed USD 1,405,000 in 120 loans for women-led green enterprises through the two credit schemes in 2021 and 2022, thus fostering women empowerment and the transition to a sustainable and resilient local economy. • Spain's "Agreement for a Just Transition" involved extensive consultations with trade unions, industry representatives, and local communities to develop a comprehensive plan for transitioning away from coal mining.²⁵

²¹ UNDP (2022). [Measuring the Socioeconomic Impacts of Climate Policies to Guide NDC Enhancement and a Just Transition | Data Futures Exchange \(undp.org\)](#)

²² UNDP (2021). [Initiating the Just Transition in Serbia](#)

²³ World Bank Group (2022). [Support for Polish Coal Regions in Transition \(worldbank.org\)](#)

²⁴ South Africa Presidential Climate Commission (2022). [Just Transition Framework \(climatecommission.org.za\)](#)

²⁵ World Resources Institute (2021). [Spain's National Strategy to Transition Coal-Dependent Communities | World Resources Institute \(wri.org\)](#)

<i>Institutional, policy and capacity support</i>	<ul style="list-style-type: none"> • The European Union supports skills development through initiatives like the European Skills Agenda, which promotes upskilling and reskilling for digital and green economies. Key funding programs include the European Social Fund Plus (ESF+), Digital Europe, Horizon Europe, and Erasmus+, each aimed at enhancing vocational education and training. These efforts are complemented by public-private partnerships to ensure that both young people and adults acquire necessary skills.²⁶ • Germany's Coal Phase-Out Act (Kohleausstiegsgesetz) sets a legal framework for phasing out coal by 2038, incorporating just transition principles. It mandates financial compensation for affected workers and companies, investments in regional development, and support for renewable energy projects, ensuring a structured and equitable transition from coal. This law has led to significant investments in affected regions to foster new economic opportunities.²⁷ • In Bosnia and Herzegovina, the Ministry of Foreign Trade and Economic Relations of BiH, created the Just Transition Blueprints in the country and developed just transition strategies for three carbon-intensive industries (power, steel and cement), which will be accompanied by capacity building of stakeholders, vulnerable groups and industry.²⁸ • In Viet Nam, UNDP is supporting governance of the just energy transition partnerships, supporting the national government and other stakeholders with mapping governance opportunities and identifying most impactful entry points for the just energy transition of the coal sector.²⁹ • In India, UNDP is supporting Jharkhand State with an integrated framework on institutional and legal framework, coordination, and accountability arrangements, and gender-responsive social actions to ensure Just energy transition.³⁰ • In Philippine, the Philippine Green Jobs Act promotes sustainable economic growth and addresses climate change by emphasizing the creation of environmentally conscious and economically viable jobs. It aims to expand green industries, such as renewable energy, sustainable agriculture, waste management, and ecotourism. The Act provides incentives like tax deductions for skills training and R&D, and tax exemptions for importing eco-friendly equipment. Businesses must undergo certification by the Department of Labor and Employment, ensuring compliance with decent work practices, workplace security, and social protection standards.³¹ • The Netherlands' "Social Protection Floor" ensures comprehensive social security coverage for all workers, including those transitioning from high-carbon industries to new green jobs.³²
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²⁶ Digital Skills and Jobs Platforms (2021). [European Skills Agenda](#)

²⁷ https://www.bmwi.de/Redaktion/DE/Downloads/G/gesetz-zur-ordnung-des-abschaltens-und-zur-reduzierung-der-kohleverstromung-kohleausstiegsgesetz.pdf?__blob=publicationFile&v=6

²⁸ United Nations Bosnia and Herzegovina (2023). [Blueprint for BiH's Gender-responsive Just Transition for All](#)

²⁹ Digest Bulletin of UNDP in Asia and the Pacific (2023). [Ramla Khalidi's Letter from Hà Nội](#)

³⁰ Indian Centre for Environment and Energy Development (CEED) (2023). [Sustainable Just Transition in Jharkhand](#)

³¹ UNFCCC Forum Report of the Standing Committee on Finance (2023). [Financing just transitions](#)

³² [The Dutch social security system - Welcome to NL \(welcome-to-nl.nl\)](#)

<p><i>Finance</i></p>	<ul style="list-style-type: none"> • The Just Energy Transition Partnership (JETP), being implemented in several countries, including South Africa, Indonesia, and Vietnam is a collaborative financing initiative aimed at supporting countries in transitioning from fossil fuels to renewable energy while ensuring economic and social equity. JETP mobilizes significant funding from public and private sources to assist in developing sustainable infrastructure, retraining workers, and fostering economic diversification in communities affected by the energy transition.³³ • The EU Just Transition Fund is a financial instrument designed to support regions and communities most affected by the transition to a green economy, providing targeted assistance to mitigate the social and economic impacts. It focuses on economic diversification, reskilling of workers, and investments in clean energy and sustainable projects to ensure a fair and inclusive transition.³⁴ • In Burundi, the Kibira Forest is a crucial asset providing social, environmental, and economic ecosystem services. Its decline would severely impact the country's efforts to end poverty, affecting many SDG goals. To prevent this, combined efforts with the private sector and other stakeholders are essential. Funded by the Peacebuilding Fund and supported by the Nature Facility established by UNDP, UNCDF, and UNESCO, a hydropower project has been initiated. This project includes a 10-year payment for ecosystem services contract for watershed management, partnering with the new Kibira Foundation. This initiative creates jobs and dividends for the most vulnerable, including a village of 1,000 Batwa families (indigenous people). • Canada's "Just Transition Fund" offers grants and loans to businesses investing in green technologies and provides financial support to workers retraining for green jobs.³⁵
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³³ Bloomberg (2023). [Just Energy Transition Partnerships and How They Work](#)

³⁴ European Commission (2020). [The Just Transition Mechanism: making sure no one is left behind](#)

³⁵ World Resources Institute (2021). [Canada: National Task Force on Just Transition for Coal Power Workers and Communities](#)

Annex 3

Examples from private sector's methodologies, frameworks and instruments for each of the entry points of the UNDP Just Transition Framework

Entry points	Private Sector Examples
<i>Assessment</i>	<ul style="list-style-type: none"> Financial institutions are increasingly exploring methodologies that combine quantitative and qualitative assessment approaches. The "Financing climate action with positive social impact: How banking can support a just transition in the UK" report by the Grantham Institute explores the potential for integrating social considerations into existing stress testing models used by financial institutions³⁶. While quantitative data provides valuable insights, qualitative assessments are crucial for capturing the human experience of the transition. The Social Impact of Value-Based Banking research highlights the importance of collecting data through surveys, focus groups, and community engagement to understand the social dimensions of financial products and services offered by institutions³⁷. This qualitative data can then be used to inform the development of just transition strategies that address the specific needs and concerns of impacted communities. Frameworks, standards and assessments are emerging to allow financial institutions to assess their dependencies, risks and impacts, as for example CDP disclosure system, the European Sustainability Reporting Standards (ESRS), the Global Reporting Initiative (GRI) Standards, the International Sustainability Standards Board (ISSB) Standards, the Natural Capital Protocol, the Science Based Targets Network (SBTN) target setting guidance and the Taskforce on Nature-related Financial Disclosures (TNFD) framework. Transition plans should set out clear and actionable steps to achieving both climate and nature targets to ensure mutual trade-offs are well considered.³⁸
<i>Engagement</i>	<ul style="list-style-type: none"> The United Nations Environment Programme Finance Initiative (UNEP FI) partnered with the International Labour Organization (ILO) emphasize stakeholder engagement and social dialogue as key components for embedding just transition principles within financial operations . It highlights the need for meaningful consultations with clients, service

³⁶ N. Robins, S. Tickell, W. Irwin and A. Sudmant (2020). [Financing climate action with positive social impact: How banking can support a just transition in the UK](#). The LSE Grantham Research Institute on Climate Change and the Environment and the Sustainability Research Institute at the University of Leeds.

³⁷ Kocornik-Mina A, Bastida-Vialcanet R, Eguiguren Huerta M (2021). [Social impact of value-based banking: best practices and a continuity framework](#). Sustainability. 13. 7681. 10.3390/su13147681.

³⁸ WWF (October 2023). [Aligning transition planning & nature related disclosures. Disclosing achievable steps for delivering a nature positive world](#).

	<p>providers, and partners, and affected rights-holders to ensure a comprehensive understanding of the transition's potential social and economic consequences.</p> <ul style="list-style-type: none"> • Similarly, the ILO emphasizes the role of social dialogue in its "Just Transition Policy Brief." This brief outlines the importance of sectoral social dialogue, which brings together various stakeholders like governments, employers, and workers, to establish consensus on just transition policies. Effective social dialogue is seen as a mechanism to not only build consensus, but also to leverage the knowledge and perspectives of diverse stakeholders to inform and strengthen just transition strategies. • The TNFD has also released the "Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders", which guides business and financial institutions on identifying nature dependencies, impacts, risks, and opportunities, adhering to international standards like the UN Guiding Principles on Business and Human Rights. Key guidance is provided regarding stakeholder engagement, due diligence, and integrating feedback systems, aligning with TNFD disclosure requirements.
<i>Institutional, policy and capacity support</i>	<ul style="list-style-type: none"> • The International Labour Organization (ILO) emphasizes the need for "decent work and quality jobs" as core components of a just transition. Financial institutions can contribute to this goal by supporting companies that invest in worker training and reskilling programs to prepare employees for the changing job market of a low-carbon economy. • In South Africa, a partnership between the ILO, banks, and mining companies established a Just Transition Fund to support reskilling and upskilling programs for workers affected by the closure of coal mines³⁹.
<i>Finance</i>	<ul style="list-style-type: none"> • Integration of just transition considerations into existing frameworks like ESG investing. This allows investors to consider the social dimension of climate investments alongside traditional financial and environmental factors, as highlighted by guidance materials from UNEP FI and the ILO. • Development of new financial products. One example are the just transition bonds, similar to traditional green bonds but with an added focus on social benefits for impacted stakeholders. The rise of thematic investment funds dedicated to just transition, like the Allianz Global Investors Climate Transition Strategy, showcases a growing focus on aligning private capital with just transition goals. • Emergence of norms requiring mandatory social and environmental risk assessments for many businesses. This presents an opportunity for derisking transition investments throughout the value chain, again in particular in higher risk sectors and contexts, such as the extraction industry and renewable energy generation.

³⁹ ILO (October 2022). [Just Transition Policy Brief](#). Skills Development for a Just Transition.

