

November 8, 2021

## **Business for Inclusive Growth (B4IG) calls to put people at the heart of climate action**

Paris – November 8, 2021 – As governments, businesses, experts, and non-governmental organisations are gathering in Glasgow for the 26th UN Climate Change Conference of the Parties (COP26), **the B4IG coalition calls to put people at the heart of climate action.**

Climate change and climate strategies and policies have the potential to cause major social repercussions which need to be addressed in a systematic manner to ensure that no one is left behind.

**The coalition has adopted a statement on the central role that businesses have to play in ensuring the social challenges of the transition are met, by partnering with governments, social partners, and other stakeholders.**

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To converge on common indicators that will lay the foundations of a shared language with all stakeholders, the coalition also propose an initial selection of indicators to identify, assess, and address the social impacts of the transition in companies' own operations, their supply chains, and their business relationships.

Launched by the French G7 Presidency in August 2019, Business for Inclusive Growth (B4IG) is a global CEO-led coalition of major companies fighting against inequalities of income and opportunity. Powered by the OECD as its Strategic Partner, B4IG coordinates with governments to advance inclusive growth at both global and local levels. The B4IG Working Group on Just Transition is chaired by Crédit Agricole S.A.

**Full text of the statement:**

### **Putting people at the heart of climate action**

#### ***B4IG proposes eight key indicators to analyze and measure the social challenges of the Just Transition***

**Climate change and in turn climate change strategies and policies have the potential to cause major social repercussions. We can address it if we collectively take the necessary actions to support the Just Transition, putting people at the heart of climate action and converge on common indicators that will lay the foundations of a shared approach with all stakeholders.**

We acknowledge the fact that we must act urgently and thoroughly to limit catastrophic climate disruption. Under all potential emissions scenarios considered in the latest report released by the Intergovernmental Panel on Climate Change (IPCC) of the United Nations in August 2021, global surface temperature will continue to increase until at least the mid-century. The path to keep global warming well below 2°C above pre-industrial levels and to limit the temperature



increase even further to 1.5°C will require reaching at least net zero CO<sub>2</sub> emissions along with strong reductions in other greenhouse gas emissions.

We know that climate change and policies to mitigate it could cause massive shocks. We expect this to create serious macro-economic consequences<sup>1</sup>, including sizeable relative price changes, accelerated obsolescence of the existing capital stock, a significant reallocation of labor, and therefore a need for increased investment push. These policies will have significant redistributive consequences and impact on the lives of workers and the competitiveness of certain long-established industries and specific communities. Unless targeted support is integrated in the design of climate mitigation and adaptation policies, they will create further disadvantages to existing vulnerable populations<sup>2</sup>. While the policies will open new opportunities, they could also concentrate skills shortage, skills mismatch and job losses on certain geographies and industries, with the likelihood to increase inequalities in access to essential goods and services such as food, transport, housing, and energy.

We can only ensure a Just transition if we put the people at the heart of climate action. As stated by the International Labour Organisation (ILO) in 2015, “[a] just transition contributes to the goals of decent work for all, social inclusion and the eradication of poverty”.

**Businesses have a central role to play in ensuring the social challenges of the transition are met, by partnering with governments, social partners, suppliers, and other stakeholders, and by taking action to properly integrate the social impact of their ecological transition strategies into corporate policies and action. Governments, business, and other stakeholders must collectively ensure that no one is left behind in the process.**

A Just Transition implies a transition to sustainable economic models that will simultaneously target two strategic objectives: 1) maximization of the positive environmental impact and 2) minimization of the negative social impact. The measure of our success will lie in our ability to turn decarbonization into an opportunity to create a more inclusive economy, which accompanies stakeholders that are negatively impacted, and particularly:

- **Workers:** Workers in shifting sectors and industries face radical changes in underlying technologies and skills. A Just Transition should ensure that these workers are involved in organizing and implementing these changes, are protected from the adverse effects of climate change policies, find decent work and quality jobs in sustainable activities.
- **Local communities and territories:** A Just Transition should ensure that the costs and benefits are shared fairly, and that the local communities exposed to the negative effects of this transition are supported and have promising opportunities in the low-carbon economy.
- **Society:** A Just Transition should ensure that each stakeholders plays their full role and is based on a constructive dialogue to coordinate actions with bodies such as governments, businesses, social partners, non-governmental organizations, and citizens.
- **Consumers:** A Just Transition should ensure that all consumers, specifically low-income consumers, have access to sustainable and affordable products, by implementing mechanisms to balance out additional costs with the ability to pay.

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<sup>1</sup> Peterson Institute for International Economics, Jean Pisani-Ferry, *Climate Policy is Macroeconomic Policy, and the Implications Will Be Significant*, 2021.

<sup>2</sup> OECD, [The inequalities-environment nexus: Towards a people-centred green transition, OECD Green Growth Papers, No. 2021/01](#).



To properly enable a Just transition, **businesses should consider a range of issues in their climate strategies and policies. These include a diagnosis and an action planning with identifying, assessing, and addressing the social impacts of the transition in their own operations, their supply chains, and their business relationships, as well as a set of indicators measuring efforts, progress, and results.**

As collective actions will be critical for a successful Just transition, **it is important to converge on common indicators that will lay the foundations of a shared language with all stakeholders**, thereby fostering corporate coalitions as well as partnerships with governments and helping develop a common pathway for change.

**With this objective, B4IG proposes a set of eight core indicators (appended to this statement) to start monitoring these efforts. These indicators are preliminary and will be consolidated as relevant standards emerge. This selection, that we present as a basis for further conversation and work about definitions and feasibility, has been made taking into account two considerations:**

- Ensuring that the metrics are aligned with existing requirements on business: the indicators that B4IG presents for discussion are mainly based on existing standards.
- Moving to impact measurement: the indicators that we propose are outcome indicators when relevant as it is a key aspect that demonstrates impact on stakeholders.

We welcome contributions from all stakeholders to further develop these indicators.

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### **Appendix**

#### ***Proposed indicators to analyze and measure business contribution to the response to the social challenges of the ecological transition***

The following indicators are mainly based on existing reports:

- International Labour Organisation (ILO), [\*Guidelines for a just transition towards environmentally sustainable economies and societies for all\*](#), 2015
- B Team, [\*Just Transition: A Business Guide From The Just Transition Centre And The B Team\*](#), May 2018
- Stockholm Environment Institute (SEI), [\*Seven principles to realize a just transition to a low-carbon economy\*](#), June 2020

<b><i>Transparent planning process</i></b>	<i>Companies should consult with all relevant stakeholders, including trade unions and civil society organizations and include them in the assessment of social risks and opportunities related to the ecological transition.</i>
<b><i>Actions</i></b>	Stakeholders such as unions or other worker bodies as well as communities are involved in the development of the just transition planning.  Company is transparent about the categories of stakeholders involved in the just transition planning.



	Company discloses the steps taken to ensure significant engagement with stakeholders in the just transition.
<b>KPIs</b>	<p>Number of workers or workers' representatives participating in social dialogue in the context of the just transition (based on SEI p.18)</p> <p>Percentage of unions, social partners, and/or disempowered groups represented in social dialogues related to the just transition (based on SEI p.18)</p> <p>Number of social dialogues being held and engagement with communities within a year in the context of the just transition (based on B Team p.7-11)</p>

<b>Employment</b>	<i>Companies' just transition planning should include measures to create/provide/support access to new sustainable and decent jobs.</i>
<b>Actions</b>	<p>Company evaluates and discloses the risks of job loss for workers and communities as a result of the ecological transition, with special attention to vulnerable groups.</p> <p>Company supports access for workers and communities to sustainable and decent jobs as part of its ecological transition, with special attention to vulnerable groups.</p> <p>Company takes action to ensure that the new sustainable and decent jobs incorporate gender balance and the inclusion of vulnerable groups.</p>
<b>KPIs</b>	<p>Number of job losses within the company and as much as possible within its supply chains as well as in the communities due to ecological transition planning (based on ILO p.6-7)</p> <p>Number of sustainable and decent jobs created within the company and as much as possible within its supply chains as well as in the communities as part of just transition planning (based on B Team p. 8)</p>

<b>Upskilling and reskilling</b>	<i>Through collaborative process, companies should identify existing and future skills and training gaps in the context of the ecological transition.</i>
<b>Actions</b>	<p>Company takes action to anticipate the skills of the future and re/up-skill workers impacted by the ecological transition.</p> <p>Stakeholders including unions are involved in processes of anticipating and identifying skills obsolescence and skills gaps.</p>
<b>KPIs</b>	<p>Number of people who receive skill-up/reskilling training as part of the ecological transition planning (based on ILO p.14)</p> <p>Does the company have a policy of providing equal opportunities for training and employment opportunities for women, young people, vulnerable groups in the context of its ecological transition planning? (based on B Team p. 8)</p>



<b>Access to goods and services</b>	<i>Company should ensure that its climate policy does not increase inequalities in access to sustainable and affordable products for consumers, specifically low-income consumers.</i>
<b>Actions</b>	<p>Company tracks the evolution of goods and services portfolio impacted by the decarbonization.</p> <p>Company takes into account the accessibility of the new goods and services offers.</p>
<b>KPI</b>	Evolution of client and end-consumer base by type of income class, when applicable. (B4IG)

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**About B4IG:** Business for Inclusive Growth (B4IG) is a global CEO-led coalition of major companies fighting against inequalities of income and opportunity. Powered by the OECD as its Strategic Partner, B4IG coordinates with governments to advance inclusive growth at both global and local levels. More information on [www.b4ig.org](http://www.b4ig.org).