



GOOD PRACTICE

WBA's Benchmarking on Just Transition

DECEMBER 2023



GLOBAL DEAL

ABOUT WBA AND ITS COMMITMENTS TO THE GLOBAL DEAL

The World Benchmarking Alliance (WBA) was founded in 2018 to assess how 2,000 of the world's most influential companies¹ are achieving the Sustainable Development Goals. For this purpose, WBA develops benchmarks across seven system transformations (see Figure 1) that are needed to put our world on a more sustainable path, and on which businesses have a key role to play. These transformations include urban, decarbonisation and energy, food and agriculture, nature, digital, financial system and social. Following the SDG's core promise to 'leave no one behind' and recognizing the relevance of human rights and decent work issues for all companies, the social transformation sits at the heart of all other WBA transformations. To fulfil its mission, WBA uses insights from its benchmarks to drive collective action from governments, multilateral organisations, civil society, investors, banks, business platforms and worker organisations. As stakeholders take action², companies are incentivised to change their business practices. To further mobilise stakeholder action, WBA also convenes [a multi-stakeholder alliance of 350+ stakeholders](#) which is continuously growing over the years.

WBA further recognises regulation as a key driver for change in corporate performance. Legislation is essential in lifting standards and ensuring all companies are compliant with key expectations and planetary boundaries. However, closing the corporate accountability gap³ is a process and cannot be done with legislation alone, it requires actions from multiple stakeholders.

As part of the Global Deal, WBA also seeks to achieve the following three commitments:

1. Build and strengthen its communities of practice. These are platforms in which companies can learn from each other and improve their performance on social dialogue, just transition and human rights due diligence.
2. Urge, through its evidence-based research, more companies and governments to implement and abide by social dialogue, just transition and decent work principles.
3. Expand its multi-stakeholder alliance, including through partnerships with other Global Deal members, to support a wider understanding and integration of just transition among various stakeholders.



1- Companies are selected based on various socio-economic criteria such as their revenues, assets under management, impacts throughout the value chain and wider economic importance.

2- There are a number of actions stakeholders can take ranging from investor engagement, capacity building, or civil society advocacy.

3- For an overview of WBA's position on this topic, see WBA's corporate accountability whitepaper:

<https://www.worldbenchmarkingalliance.org/research/white-paper-corporate-accountability>

Figure 1: WBA seven system transformations



AIMS OF THE BRIEF

This brief focuses on two of the seven system transformations: 1) the social transformation and 2) the decarbonisation and energy transformation. In particular, it focuses on WBA's just transition⁴ and core social indicators. Assessing how companies are embedding social dialogue, decent work and wider just transition principles in their business practices is critical. It is important not only for workers and local communities but also for companies themselves. Research shows that companies that better integrate just transition and social dialogue are more likely to benefit in a number of ways. This includes a higher level of employee retention and a lessened [risk of stranded assets](#).⁵ Social dialogue can also [improve cooperation, workforce resilience and innovation](#), three critical factors for a company's long-term and resilient growth.

The brief is divided into three sections. The first section provides an overview of WBA's social and just transition methodologies and how

they measure social dialogue integration at the company level. It also highlights how social dialogue plays a role in embedding decent work in business practices. This section also showcases findings from these assessments and what they reveal about the level and depth of integration by companies. Section 2 delves deeper into some of the leading company good practice examples. It shows how these examples can act as a call for action for more companies and reveals those companies that improved their practices using WBA's findings. Finally, section 3 further outlines how WBA's social and just transition assessments can support multi-stakeholder collective action. This brief is also intended as a call for further collaboration on the topic of just transition. In particular, WBA is eager to work with Global Deal partners to hold companies accountable on specific aspects of just transition and decent work (as outlined in section 2), where the level of company readiness remains low.

4- According to ILO's guidelines, just transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities, and leaving no one behind.

5- The term stranded assets can refer to a wide range of assets including physical assets such as infrastructure, financial assets - which are under or no longer performing - and also stranded communities and workers. While a number of factors can lead to such stranding, changes in legislation in favour of climate can be one such contributing factor.

1. MEASURING THE INTEGRATION OF SOCIAL DIALOGUE, DECENT WORK AND JUST TRANSITION AT THE COMPANY LEVEL

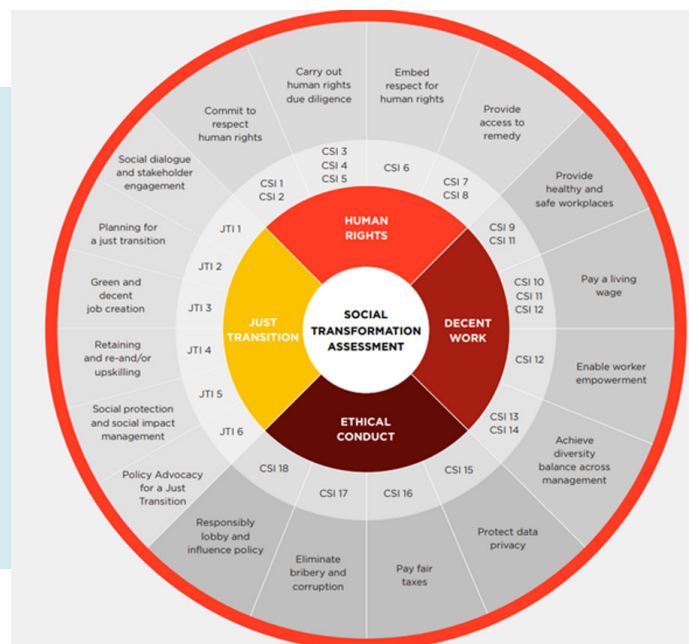
HOW DOES WBA ASSESS COMPANIES?

Social issues are at the heart of WBA's seven system transformation model. In practice, this means that WBA embeds a set of sector-agnostic core social indicators (outlined in WBA's Social Transformation Framework) into all its benchmarks. These indicators assess all companies, regardless of industry or geography, on three fundamentals: **human rights, decent work and ethical conduct**.

In the case of carbon-intensive industries assessed by WBA's Climate and Energy Benchmarks, a fourth area is included when assessing companies' social performance,

building on the other three: their efforts towards a **just transition**. WBA's just transition methodology uses six areas of assessment. Social dialogue represents one of these six areas.⁶ The five other areas include: planning for a just transition, green and decent job creation, retaining and re- and/or up-skilling, social protection and social impact management, and advocacy for policies and regulation supporting a just transition. For an overview of all WBA just transition and core social indicators building on the climate and social team methodologies, see Figure 2 below:

Figure 2: WBA just transition and core social indicators



6- By 2024, the decarbonisation and energy team will have assessed 450 companies on just transition including capital goods and heavy industries.

These methodologies are built on existing principles; standards and guidance, such as the UN Guiding Principles on Business and Human Rights; the ILO Declaration on Fundamental Principles and Rights at Work; the GRI standards and the OECD guidelines for multinational enterprises. They have been

developed through close collaboration with experts, as well as through public consultation with all stakeholder groups. More details about the methodology development and consultation processes can be found on WBA website.^{7, 8}

WHAT DO THESE ASSESSMENTS SHOW?

By benchmarking companies through these methodologies, WBA can identify areas of progress, gaps, and examples of good practices. Overall, these assessments can show the depth of a company integration across the spectrum of just transition issues.

To provide a few examples:

- WBA's just transition assessments across 320 companies show that just transition planning, social protection and advocating for a just transition require particular strengthening at the company level. Less than 1% of the assessed companies have fully integrated these aspects across their value chain.
- Social dialogue is an area of the just transition assessment where companies tend to perform better, with about 30% of companies having some social dialogue processes in place such as collective bargaining. However, the depth and quality of integration varies significantly including across sectors.

Overall, WBA's just transition methodology has revealed that across the six areas of just transition assessment, planning remains a particular weak spot. Less than 1% of the 320 companies benchmarked in the decarbonisation and energy transformation are fully integrating it. Linking this back to

actions that can be taken by governments, labour unions and civil society, this finding may reveal the fact that many companies operate across jurisdictions that have no just transition mechanisms in place. A full integration of a just transition planning would require a company to engage in social dialogue and mitigate potential detrimental social impacts of the low-carbon transition. This would involve setting time bound targets for workers, affected communities and business relationships. In contrast, almost 60% of the 320 companies assessed by WBA do show some evidence of retaining, and re- and/or up-skilling their workforce. There are also intersections between the areas of assessment as social dialogue, for example, is needed for effective just transition planning and re- and/or up-skilling.

WBA's just transition methodology can also zoom in on each individual indicator. As an example, for the social dialogue indicator, companies are assessed not only on their public commitment to engage in social dialogue but also on how they disclose the category of stakeholders they engage with. Companies are further assessed on the steps taken to engage with stakeholders and the meaningfulness of that engagement. In practice, this means that engagement needs to be relevant in terms

7- <https://www.worldbenchmarkingalliance.org/research/just-transition-launch-of-the-methodology/>

8- <https://www.worldbenchmarkingalliance.org/research/social-transformation-framework/>

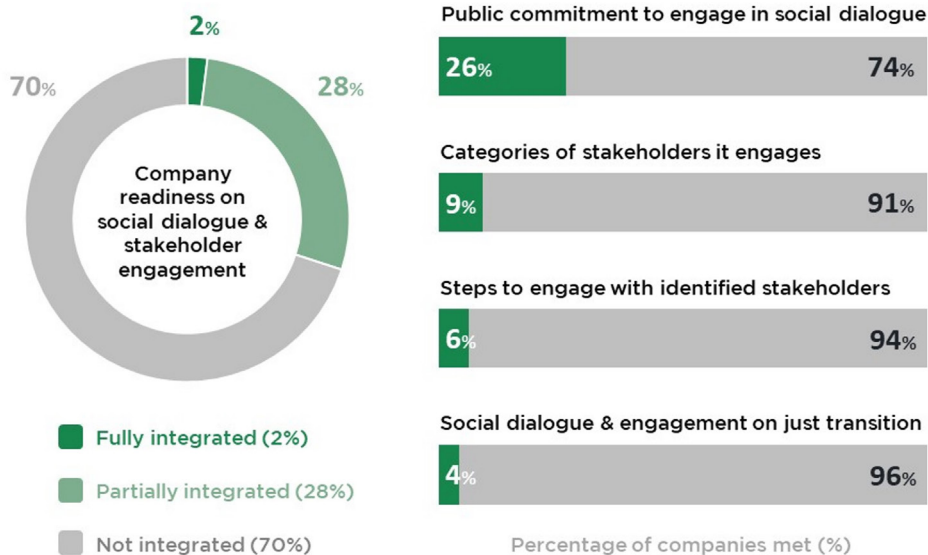
of both the topics discussed and the parties involved. Additionally, companies may also demonstrate relevance by ensuring there is a mechanism in place for identified stakeholders, including vulnerable groups.

When looking at the results of WBA’s just transition assessment of 320 companies, it is notable that one-third of them do have some type of pledge or public commitment to engage in social dialogue. However, this is often vaguely defined and not sufficiently connected to the challenges of a low carbon transition (see Figures 3-5 below). The level of integration also varies by indicator and sector. For example, only 9% of companies disclose the categories of the stakeholders they engage

with (including, at a minimum, unions and workers). Similarly, across sectors, electric utilities appear the most mature sector when it comes to integrating social dialogue and just transition. The transport (rail, aviation, shipping and multi-modal) and buildings (construction, property managers and property owners) sectors show the lowest levels of integration or readiness. These findings may reflect the fact that just transition discussions have until now focused mostly on the energy sector and more specifically on coal.⁹ Yet the finance required for a low-carbon transition and the employment risks may be even higher in other sectors. This reinforces the need to extend just transition beyond the energy sector.

Figure 3: Level of just transition readiness per social dialogue indicator

Just transition assessment of 320 companies



9- It is important to note that this is starting to evolve. For example, at COP26, the International Chamber of Shipping (ICS), the International Transport Workers’ Federation (ITF), the United Nations Global Compact (UNGC), the International Labour Organization (ILO) and the International Maritime Organization (IMO) announced a Maritime Just Transition Taskforce. See <https://bit.ly/47YFZjY>

Figure 4: Level of social dialogue readiness per sector

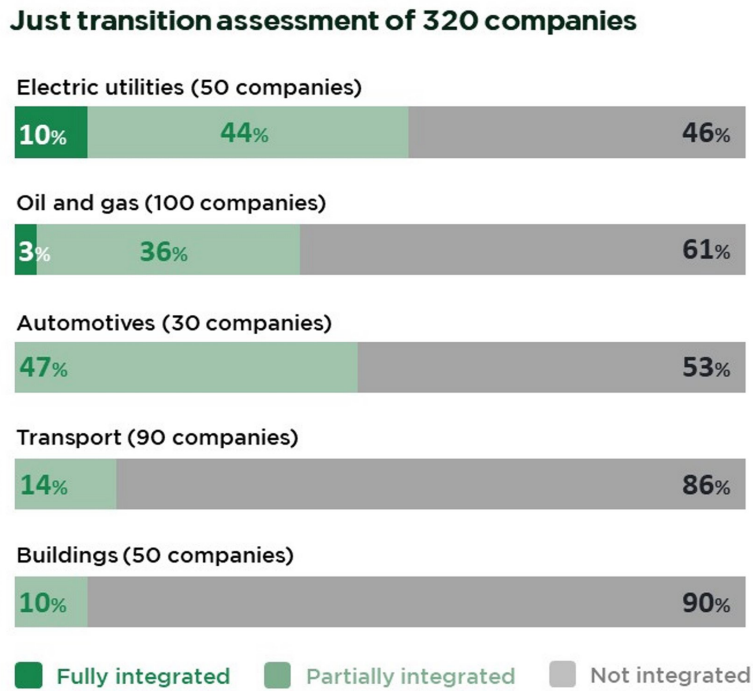
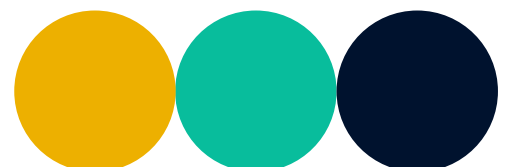


Figure 5: Level of just transition readiness per social dialogue indicator and sector

Just transition assessment of 320 companies

	Public commitment to engage in social dialogue	Categories of stakeholders it engages	Steps to engage with identified stakeholders	Social dialogue and engagement on just transition
Electric utilities	42%	26%	24%	16%
Oil and gas	34%	15%	8%	4%
Automotives	43%	3%	7%	3%
Transport	13%	1%	0%	0%
Buildings	10%	0%	0%	0%

Percentage of companies met (%)



2. COMPANY GOOD PRACTICES

WBA's just transition and social methodologies can also be used to identify corporate good practices. Several companies are already showcasing relevant practices, including on social dialogue, which can serve as an inspiration for others. For example:

- Origin Energy organises consultation forums every six months, bringing together unions, senior management of the company and employee representatives. Furthermore, regular interactions occur at different levels throughout the company.
- Employee dialogue at ENGIE – a French-based utility company – includes consultation practices that enable employee representatives to influence decisions at each stage of the Group's reorganisation. This process is implemented across the entire territory in collaboration with unions and regional public authorities.

Similarly, there are several examples of good practices on decent work, and cases in which companies engage with workers and other stakeholders to make an informed decision on how to improve working conditions:

- Seafood company Thai Union partnered with the International Transport Workers' Federation to co-host health and safety workshops for fishermen. Additionally, they instated a helpline in five languages to ensure access for migrant workers and identify and address labour rights issues.
- Unilever declares having met its target to pay all employees a living wage, and has now a target to ensure that everyone who directly provides goods and services to Unilever earns a living wage or income by 2030. Unilever's

living wage efforts are further supported by its activities to advance collective bargaining in its operations and supply chains. Approximately 80% of Unilever's total direct workforce is covered by collective bargaining agreements. Additionally, the company supports collective bargaining in its supply chain by directly engaging and working with trade unions and worker representatives.

While these good practices can be used to inform other companies, it should be cautioned that challenges and opportunities related to just transition and decent work will ultimately be context-specific. For example, companies that are more vertically integrated may be better placed to collaborate with suppliers and integrate social dialogue across their value chain. Similarly, companies that have already largely transitioned away from energy intensive assets may need to increase social dialogue with local communities that may have been potentially impacted by the development of low-carbon projects.

WBA's just transition and social assessments can also directly inform companies, potentially prompting a change in their practices. Some companies were able to use the just transition results to improve their awareness and capacity building efforts. For example, Petronas – a Malaysia-based state-owned oil and gas company – presented the assessment results on the climate benchmark and just transition to their board and published in November 2023 a just transition strategy.¹⁰ Similarly, Ørsted used WBA's just transition assessment to shape its social strategy regarding green and decent jobs and the core social assessment to shape its approach to health and safety, as well as data privacy disclosure.

¹⁰- See <https://www.petronas.com/sites/default/files/uploads/content/2023/Laying%20the%20Foundation%20for%20a%20Just%20Energy%20Transition.pdf>

3. HOW WBA'S JUST TRANSITION AND SOCIAL ASSESSMENTS CAN INFORM MULTI-STAKEHOLDER ACTIONS

Investors, policymakers and social partners can actively use WBA just transition and social assessments to demonstrate gaps in corporate performance, supporting the design of effective policy interventions to improve industry-wide action.

As an example, WBA launched in January 2023 a [collective impact coalition with 54 leading investors](#) signing an open letter urging oil and gas companies to improve their just transition readiness. Some of the coalition investors are currently engaging with companies they have ties with to strengthen three core aspects of just transition: 1) fundamentals of social dialogue and stakeholder engagement in a just transition, 2) just transition planning and 3) creating and providing/supporting access to green and decent jobs for an inclusive and balanced workforce. While the engagement is still ongoing, this is one lever that WBA has been using to improve company performance on just transition. In addition, WBA contributed with other partners, including the Council for Inclusive Capitalism and Grantham Research Institute, to a [brief that illustrates how businesses can move from just transition pledges to implementation](#). This brief used WBA's evidence and provided guidance for companies on how to develop a just transition strategy, how to collaborate with governments to support an enabling policy environment for just transition¹¹ and how to monitor their progress over time.

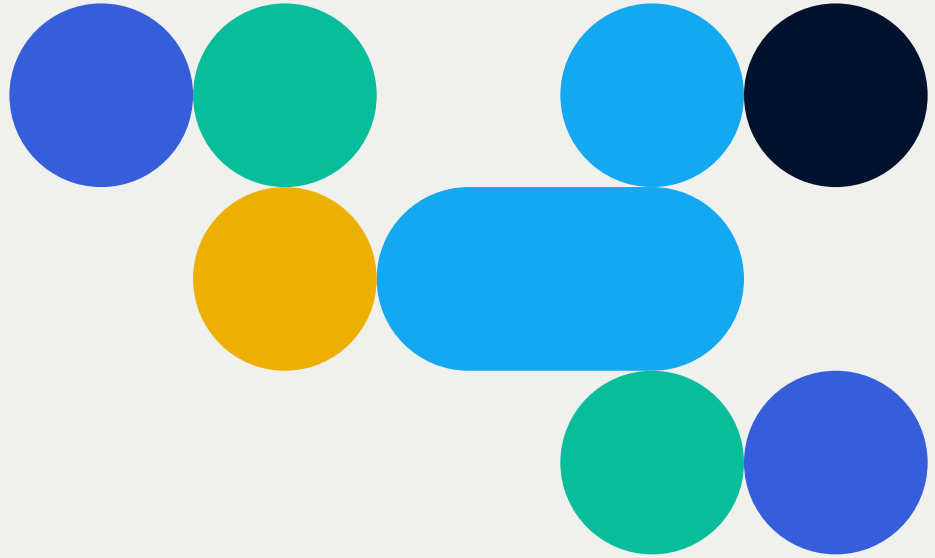
In addition to investors, governments also play an essential role in holding companies accountable for just transition and decent work principles. To date, [more than 52 countries have established just transition roadmaps](#) but more can be done within these roadmaps to improve how companies are integrating decent and just transition into their operations and value chain. This includes developing public-private partnerships on just transition and ensuring governments work with social partners to enact enabling policies on the topic. Such enabling policies can be wide-ranging and build on the [ILO's just transition guidelines](#).¹² For example, governments can integrate just transition as part of public procurement or green fiscal policy and work to strengthen existing social dialogue and tripartite mechanisms.¹³ Governments and social partners can also support just transition and decent work through legislation and by ensuring it is well reflected in Nationally Determined Contributions (NDCs) and Long-Term Low Emission Strategies.

As a multi-stakeholder alliance between trade unions, civil society, governments and business and employer organisations, the Global Deal is uniquely placed to forge partnerships on critical topics such as just transition. WBA is keen to explore with Global Deal partners what actions can be taken in areas where just transition readiness at the company level remains particularly low. Expanding the understanding and implementation of just transition to multiple sectors is also key.

11- For a better overview of how such enabling policies can support corporate action on just transition, see WBA's brief on the topic: <https://www.worldbenchmarkingalliance.org/research/2021-just-transition-assessment/>






12- These guidelines include social dialogue, respecting, promoting and realising fundamental principles and rights at work, gender policies and equitable outcomes, enabling environment and coherent policies, no 'one-size fits all' and international cooperation.

13- For social dialogue, for example, beyond collective bargaining, global and national framework agreements can also play an important role for trade unions to directly negotiate with companies in incorporating just transition principles across a company's value chain.



THE GLOBAL DEAL FOR DECENT WORK AND INCLUSIVE GROWTH

The Global Deal is a multi-stakeholder partnership of governments, businesses and employers' organisations, trade unions, civil society and other organisations for the promotion of social dialogue and sound industrial relations as effective means for achieving decent work and inclusive growth. The Global Deal enables knowledge sharing, facilitates policy discussions, strengthens the capacity of partners to engage in dialogue, and produces evidence-based research. As a unique action-oriented platform, the Global Deal accelerates positive change by encouraging partners to make voluntary commitments to advance social dialogue.

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