

ICC PRINCIPLES FOR A JUST TRANSITION

Climate change and the economic and social viability of communities

“A just transition is a process that plans emissions reduction efforts to maximise positive impacts and minimise negative impacts on workers and communities.”

—Paul Polman

Chair, International Chamber of Commerce; CEO, Unilever

As we work to achieve the goals of the Paris Agreement, it will be necessary for all society's stakeholders to set a sustainable path for communities, workers and the climate that leaves no one behind. Business is a key agent in this regard. Here are ICC's three key principles for a just transition:

1. Recognise a just transition of the workforce and the creation of decent quality jobs in the Nationally Determined Contributions (NDCs)

The Paris Agreement enshrines, as a guiding principle, the need for a just transition of the workforce and decent work and quality jobs. Yet, while 197 countries have committed to the landmark Paris Agreement on climate change, with few exceptions do NDCs—countries' national climate pledges—express a commitment to a just transition, or acknowledge the impacts of global climate goals on workers and their communities. Just transition of the workforce and the creation of decent quality jobs must be recognised in the NDCs and in reporting of progress to the UNFCCC, as well as in domestic strategies to respond to the impacts of climate change.

2. Ensure that government policies enable workers and their communities to have the skills capabilities and investments needed to thrive in the face of transformative change

Reorienting the global economy towards the objectives set out in the Paris Agreement will transform every industry and sector, demanding new skills, rewriting the future of work and reshaping communities. It will be necessary for governments to ensure that their policies enable workers and their communities to have the skills, capabilities and investments needed to thrive in the face of transformative change towards a sustainable and inclusive economy. This includes both active (e.g. job search assistance, training programmes) and passive (e.g. income support and social insurance programmes) labour-market programmes as well as complementary policies such as those related to education, housing and/or loan markets.

There is no one-size fits all approach. Models of a just transition must be adapted to reflect the needs of developed, developing and least-developed countries, with different performance benchmarks, expectations and processes. However, these need to be carefully implemented to maximise global policy coherence and avoid distortions.

3. Include business—a key stakeholder and agent for the delivery of a just transition—in climate policy planning at all levels

Business is aware of its social responsibilities and the impact of its decisions on communities and those in its supply chains. There is also a strong business case for taking climate action and this includes supporting a just transition for communities and workers towards a net-zero emissions economy. The Business and Sustainable Development Commission estimates that achieving global sustainable development objectives opens up US\$12 trillion in market opportunities and could generate up to 380 million new jobs worldwide by 2030.

As the primary source of investment and job creation, the private sector is well placed to advise governments on policies that will facilitate a just transition. This could mean helping to:

- Identify the skills gap and shortages that need to be addressed to transition to a net-zero emissions economy as quickly as possible, as well as the required skill development programmes for new entrants and transition programmes for the existing workforce.
- Identify the emergence of new occupations and the re-crafting of existing occupational profiles involved in the transition to a net-zero emissions economy.
- Advise on policies such as re-training/re-skilling, redeployment, new job creation, social inclusion and community renewal, as well as policies that are more generally directed at fostering climate-friendly innovation and enabling investment, or otherwise regenerate disadvantaged areas.

Business is therefore a key stakeholder and agent for the delivery of a just transition and should be included along with other stakeholders in climate policy planning at all levels.