

PRI RESPONSE

CALL FOR INPUTS: JUST TRANSITION AND HUMAN RIGHTS

December 2024

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To inform this paper, the following groups have been consulted: Global Policy Reference Group, North American Asset Owner Community of Practice on the Just Transition. Except where stated otherwise, the opinions, recommendations and findings expressed are those of PRI Association alone, and do not necessarily represent the views of the contributors or PRI signatories (individually or as a whole). It should not be inferred that any third party referenced endorses or agrees with the contents hereof. PRI Association is committed to compliance with all applicable laws and does not seek, require or endorse individual or collective decision-making or action that is not in compliance with those laws.

ABOUT THE PRI

The Principles for Responsible Investment (PRI) works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a range of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. The PRI welcomes the opportunity to respond to the Office of the High Commissioner for Human Rights' call for input on just transition and human rights.

ABOUT THIS CONSULTATION

The Office of the High Commissioner for Human Rights is [seeking inputs](#) to inform the Secretary-General's synthesis report on opportunities, best practices, actionable solutions, challenges and barriers relevant to a just transition and the full realization of human rights for all people, to be submitted to the [Human Rights Council](#) at its sixtieth session. In this response, the PRI presents data points, analysis, and assessments regarding human rights and just transition, focusing on the role of investors in supporting the transition, and how policymakers can create an enabling environment for investments aimed at tackling climate change while respecting fundamental rights.

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PRI RESPONSE

1. **Please share concrete examples and stories describing opportunities, best practices, actionable solutions, challenges, and barriers relevant to just transition and the full realization of human rights for all people, including but not limited to the rights to health, a clean, healthy and sustainable environment, equality and non-discrimination, decent work, and access to justice and remedies.**

Just as for all businesses, institutional investors have a responsibility to respect human rights. The PRI's report [Why and how investors should act on human rights](#) discusses this responsibility and provides guidance for investors on how to integrate human rights considerations in their investment decisions.

The [PRI 2023 reporting data](#) shows a pickup of human rights and social factors among PRI signatories.

- **78%** of signatory policies include guidelines on social factors and human rights (up from 69% in 2021). Of these:
 - Over **2,000 signatories** have public guidelines on social factors. This represents an estimated **50% of global institutional capital**.
 - **1,385 signatories** – representing **1/3 of global institutional capital** – have public guidelines on human rights.
- The percentage of signatories using the UN Guiding Principles and / or the OECD Guidelines to identify impacts increased from 2021:
 - **18% to 30%** for Investment Managers (IM);
 - **27% to 36%** for Asset Owners (AO).

The PRI has collected several [case studies](#) of investors engaging on issues related to human rights and the just transition. These include engagements on issues relevant to the transition, such as decent work and forced labour (of particular importance for the provision of Critical Energy Transition Minerals). Below are some examples of different approaches.

- Investment managers: [ABN Amro](#); [Amundi](#); [East Capital](#); [Etica SGR](#).
- Asset owners: [AP2](#); [AkademikerPension](#); [Dai-ichi Life](#).

For further guidance on the role of investors and the tools at their disposal, please see the answer to Question 7.

The PRI's [Advance](#) collaborative initiative supports institutional investors protect and enhance risk-adjusted returns by advancing progress on human rights through investor stewardship. It is endorsed by 264 investors globally, with \$35 trillion in AUM. 117 investors are directly engaging through the initiative with 39 companies in the metals & mining and renewable energy sectors, both relevant sectors for the just transition. Three key objectives have been set by Advance for the focus companies to protect and enhance risk-adjusted returns by advancing progress on human rights:

1. implement the **United Nations Guiding Principles on Business and Human Rights** (UNGPs) – the guardrail of corporate conduct on human rights;

2. align their **political engagement** with their responsibility to respect human rights;
3. deepen progress on the most **severe human rights issues** in their operations and across their value chains.

In terms of corporate performance, the Climate Action 100+¹ [2024 Net Zero Company Benchmark](#) shows that, of the 168 focus companies analysed:

- 39% satisfy at least one Metric on Just Transition (a 9% improvement from 2023);²
- 30% of companies are committing to a Just Transition with defined principles (a 10% increase from 2023);
- the number of companies committing to retain, retrain, redeploy, and/or compensate workers affected by their decarbonisation actions increased by 6 percentage points compared to 2023 data;
- further progress is needed on Just Transition planning, as currently only 12% of companies have published a Just Transition plan with focus on both workers and employees.

Lack of quality data on human rights risks is a challenge for investors, including on just transition indicators. As the PRI paper [What data do investors need to manage human rights risks?](#) shows, different investment activities have different data needs, which need to be accounted for when designing disclosure policies and standards. Gaps in information were identified for four main categories:

- companies' inherent human rights risks;
- how board and company leadership help embed commitments in company culture and practice;
- the quality of companies' human rights due diligence;
- positive human rights outcomes to which companies have contributed.

The paper highlights challenges and best practices for each of these gaps, as well as providing recommendations to:

- make the data available;
- make the data accessible;
- verify the data.

In terms of just transition, an area that is currently underexplored is the nexus between human rights and the environment, and how policy action should enhance the synergies while limiting the trade-offs between these two issues. The PRI recently published a discussion paper on [The Human Rights and Nature Nexus](#), analysing how real economy policies can contribute to human rights and nature-related goals, as well as the policy synergies (win-win scenarios) and trade-offs (win-lose scenarios) between them. The paper also identifies public policy interventions that can amplify synergies and minimise trade-offs.

¹ [Climate Action 100+](#) is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take appropriate action on climate change in order to mitigate financial risk and to maximize the long-term value of assets.

² Comparisons between 2023 and 2024 assessments exclude companies added to the Disclosure Framework in 2024, so considers a sample of 150 companies.

2. **Please share information on any relevant legislation, policies, strategies, action plans, and practices by your government to promote the enjoyment of human rights in the context of just transition, including with reference to nationally determined contributions and national adaptation plans. Please describe how human rights, in particular the right to work and the right to social security, have been integrated in just transition processes in your country (e.g. with regard to different economic sectors, business human rights responsibility to respect human rights, and social protection systems).**

The Taskforce on Net Zero Policy (TNZP) recently published a [report](#) taking stock of existing net-zero policies related to companies and financial institutions. The research found that climate mitigation policies do not yet adequately integrate just transition issues.

The report highlights how human rights considerations are integrated into soft law instruments like the OECD Guidelines for Multinational Enterprises, as well as policies in the EU, such as the Corporate Sustainability Due Diligence Directive and the Regulation on Deforestation-free Products. Ten policy instruments among those analysed recommend or require disclosure of just transition indicators. In corporate and financial policy, a notable example is Johannesburg Stock Exchange (JSE) Climate Disclosure Guidance, which recommends entities to assess their climate impacts against just transition considerations and disclose them as part of their double materiality assessment. The EU's European Sustainability Reporting Standards (ESRS) support the integration of the just transition in transition plans by:

- **acknowledging the central role of a wide range of stakeholders:** companies must engage with 4 groups of affected stakeholders – own workers, workers in the value chain, affected communities, consumers and end users – in due diligence process and in materiality assessment of actual and potential impacts, risks, and opportunities;
- **adopting a strong connection to human rights:** companies must disclose whether their policies are aligned with the UN Guiding Principles on Business and Human Rights;
- **integrating metrics measuring impacts** on the stakeholders identified above.

As compared to social metrics, more corporate disclosure requirements exist on nature-related impacts (e.g. India, Indonesia, Mexico), which often sit at the nexus between nature and human rights. Examples of this include metrics such as water intake from water stressed areas, land-use within or near biodiversity risk areas, or engagement with marginalized and vulnerable groups.

In terms of other policy tools, sustainable taxonomies can support the just transition by including minimum social safeguards and integrating the Do No Significant Harm principles (DNSH). Fourteen G20 countries have adopted or are developing sustainable taxonomies. All taxonomies address climate change mitigation but some, such as those in Brazil and Mexico, extend to climate adaptation and social issues such as inequality. Requirements on climate adaptation are more prevalent than those on nature or just transition.

Finally, 2022 [research](#) from UN Development Programme found that Just Transition principles are now explicitly cited in 38% of Nationally Determined Contributions (NDCs) and 56% of Long-term Strategies (LTS).

The PRI's [Regulation database](#) documents financial, corporate and real economy policies which support, encourage or require responsible investment practice. These include regulation that promote the enjoyment of human rights in the context of just transition, such as Just Transition Strategies.

The recently launched [Taskforce on Inequality and Social-Related Financial Disclosure](#), provides an opportunity to accelerate the integration of just transition in corporate and financial policy.

- 3. Please describe how just transition measures affect and can ensure the rights and/or inclusion of relevant groups, actors, communities and Peoples, including Indigenous Peoples, women and girls, children, youth, older persons, persons with disabilities, workers including informal workers, migrants, future generations, environmental human rights defenders, and persons living in situations of vulnerability and poverty, considering also intersectionality.**

The climate crisis is inextricably linked to inequality, which can increase if climate policies inadequately tackle the societal drivers of climate change. Extreme and rising inequalities may lead to backlash against the net-zero transition, which is often perceived as causing more economic damage to vulnerable stakeholders, including through higher cost-of-living and loss of livelihoods, as well as other direct human rights impacts.

Policies should target the root causes of social discontent and economic disparities. To this end, the PRI developed a [framework](#) (shown below) aimed at:

- supporting policy makers in identifying key socioeconomic impacts of the transition;
- improving the coherence and effectiveness across different transition policy areas; and
- understanding the conditions for broad-based support for economic transition policy reforms.

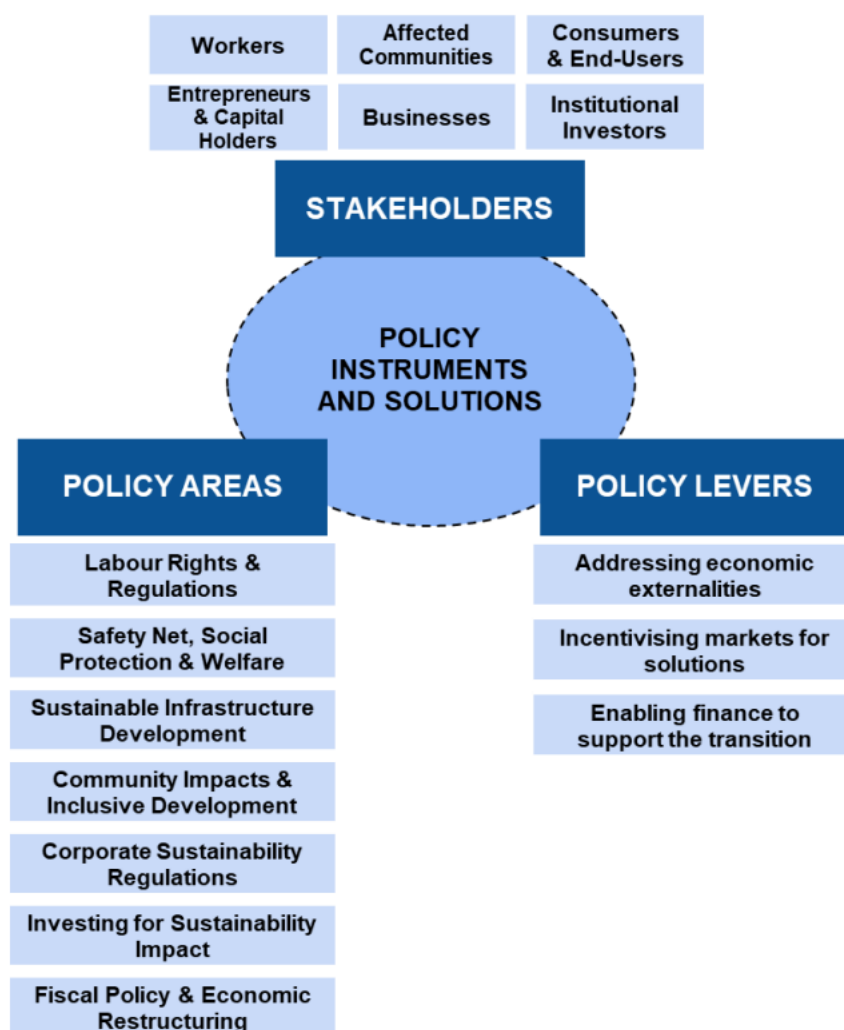


Figure 1: Key components of a whole-of-government approach to addressing the social aspects of the climate transition

To ensure buy-in for the transition while protecting fundamental rights, policymakers should identify the main policy areas where intervention is necessary (depending on a country’s social and economic conditions), understand the main categories of stakeholders affected, and the policy levers that would be better suited to achieve a specific policy goal.

A systems approach, where the varied socioeconomic implications and numerous stakeholders affected by the transition are included in discussions, as well as co-creation through enhanced multi-stakeholder engagement, are key tools to develop a just and equitable approach to the transition.

4. Please describe any relevant mechanisms for ensuring justice, equity, and accountability in the context of just transition, as well as means of implementation and financing.

The Taskforce on Net Zero Policy report [Interconnected Justice: Understanding the cross-border implications of climate transition policies](#) highlights the need for policymakers and non-state actors to consider elements of interconnected justice (i.e. the unintended cross-border consequences of net-zero policies)

According to the report, policies for companies and financial institutions should, first, streamline the integration of social and environmental ‘do no significant harm’ (DNSH) principles; and second, expand their focus from limiting the negative impacts (‘doing no significant harm’) to one that includes seizing the opportunities of the just transition (‘doing more good’). This requires inclusive decision-making processes where affected stakeholders' voices and rights are fully respected in transition processes and outcomes.

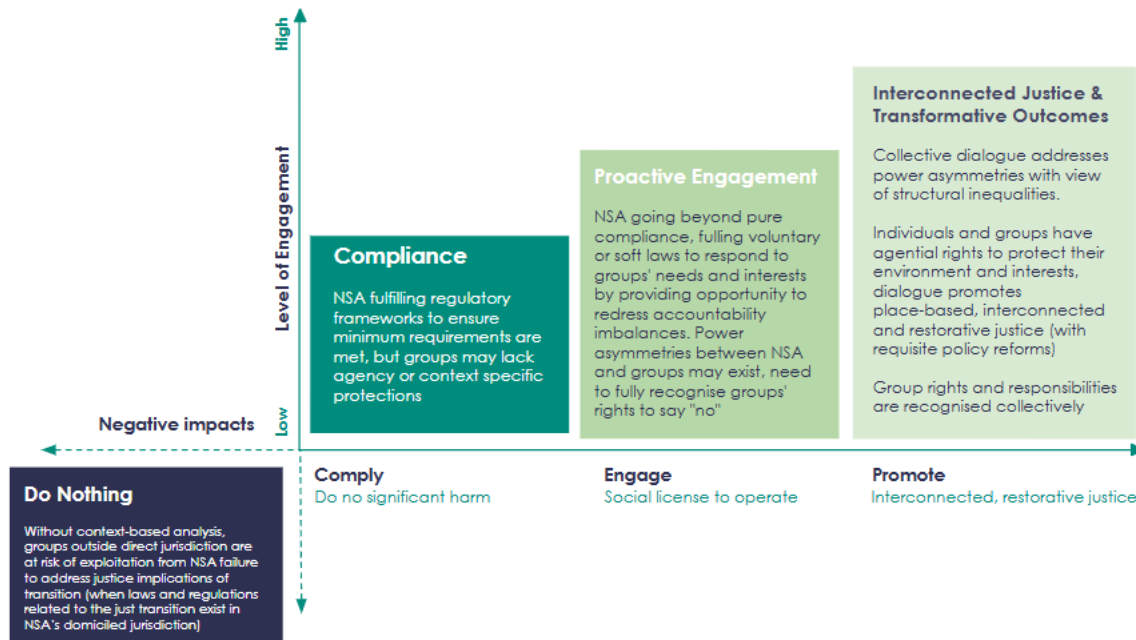


Figure 2: The spectrum of NSA action towards interconnected justice and transformative outcomes

This process can be supported by a set of “policy prompts” shown in the image below.

Direct Accountabilities	Interconnected Justice Prompts		
Non-State Actors e.g: Firms and Financial Institutions	Domiciled jurisdictions e.g: Local Regions and Communities	Affected jurisdictions e.g: Transnational Rights Holders	Supranational Policy Makers e.g: Vulnerable Groups and Future Generations
What are the consequences for the impacted workforce? What are the consequences for the impacted supply chain? What are the consequences for the impacted local economy? What are the consequences for consumers and the cost of living?	What are the local social and environmental impacts? What are the effects of the proposed transition on the region? Does this transition shift any burdens to or from the locality? What challenges are presented by this transition for local governments to address? (e.g. will stranded assets be left behind?)	What are the wider social and environmental impacts? What are the effects of the proposed transition on the new jurisdictions? What is the readiness or absorptive capacity of the new jurisdictions? What types of capacity development will be needed to implement the transition?	What are the long term social and environmental impacts? What are the consequences of this transition on future generations? What are the risks and benefits of this transition to vulnerable groups? Is this fair burden-sharing and distribution of opportunities? Is there a need for better global policy coordination and alignment?

Figure 3: Policy prompts for multi-actor dialogue on interconnected justice

The prompts encourage actors to think beyond their immediate sphere of operation and consider the **local** (e.g. job losses, stranded assets, industrial actions, community displacement), **global** (e.g. emissions offshoring supply chain shocks) and **systemic** (e.g. maladaptation and low adaptive capacity, top-down policy inequity and impact spillover) impacts of their activities. These impacts can affect a spectrum of **direct** (e.g. workers, local communities, suppliers), **indirect** (e.g. transnational

rights holders, consumers) and **systemically** (e.g. future generations) vulnerable stakeholders in their domiciled and affected jurisdictions.

Multi-actor dialogues can strengthen collaborative climate governance across borders. They can also inform policymakers at the national and supranational levels to coordinate and align in policy design and deployment to minimise interconnected injustices. Policymakers, NSAs and stakeholder communities can convene these multi-actor dialogues and build ‘coalitions of the willing’ to advance research, experimentation and knowledge exchange in policy design, implementation and monitoring to embed interconnected justice

Critical Energy Transition Minerals are necessary to ensure the net zero transition. The supply chains of these minerals often present high risks in terms of human rights impacts. In 2024 the UN Secretary General’s Panel on Critical Energy Transition Minerals released a [report](#) outlining seven Guiding Principles and five Actionable Recommendations to embed equity and justice in the race to net-zero emissions.

The Principles place human rights at the core of all mineral value chains, underpinned by concepts of justice and equity and take as their foundation existing norms, commitments and legal obligations outlined in international instruments. They call for investments, finance and trade to be responsible and fair. The financing of responsible mineral value chains, in particular, should be “driven by responsible investment principles that incentivize sustainable, long-term orientated decision-making. [...] Financing should include environmental, social and governance protections consistent with internationally recognized sustainability standards, human rights laws and frameworks, including the individual and collective rights of Indigenous Peoples.”

5. Please describe how the role of social dialogue can ensure a just transition for all, particularly through the participation of employers’ organizations and trade unions in consultations regarding legal and policy frameworks drawing on International Labour Standards and Fundamental Principles and Rights at Work.

The PRI paper [How investors can advance decent work](#) highlights that workers’ rights to freedom of association and collective bargaining need to be respected, and they are entitled to representation in the decision-making process.

Workers must be able to express concern without fear of reprisal and can file individual or collective grievances when their rights or entitlements have been breached / infringed or if they have observed the rights and entitlements of others being infringed.

Trade unions and worker representative organisations are a key component and driver of social dialogue. They are essential to advance the decent work agenda.

Investors can play a key role in enabling workers’ voices by respecting representative bodies including unions, occupational health and safety committees and social dialogue structures at a company or industry level. Social dialogue allows the workforce to engage in discussions, plans and strategies on workplace issues. It includes all types of negotiation, consultation and exchange of information among representatives of these groups on common interests. Investors should also recognise how a transparent and fair culture drives corporate performance.

Social dialogue, freedom of association and collective bargaining play a key role in determining social protection, a living wage, safe working conditions and equal opportunity and treatment.

Worker organisations are key stakeholders in effective social dialogue. They can help to address grievances, shape decent work outcomes, and serve as a pathway for informal workers to gain access to benefits and better working conditions. Allowing more workers to enter the formal economy facilitates system-wide growth and stability.

Innovative ways of organising are also emerging, such as workers' digital platforms that are not location specific.

6. Please provide recommendations on relevant actions to be taken at local, country, regional, and global levels, including relating to international cooperation. Please identify any specific legal, policy and economic transformations that may enable a just transition.

As highlighted in the Interconnected Justice report above, in an increasingly interconnected world, the speed, scale and universal character of the just transition have implications in terms of justice. Policymakers should consider the cross-border implications of climate and nature transition policies, and how one place's just transition affects another place's just transition. Approaching the just transition as both a place-based and interconnected challenge encourages policymakers and NSAs to better account for the needs of affected stakeholders. Without this approach, there can be risks of burden shifting to other geographies, deepening existing systemic inequalities.

Corporate and financial net zero policies are part of a wider policy regime, and climate policy goals are best implemented in mixes or packages of complementary policies, tackling the just transition from multiple angles. These policies range from micro-level, firm-specific NSA policies to macro-level policies at the national and supranational levels. The effectiveness of the policy also depends on the sector and context in which it is implemented. For instance, structural barriers, such as the lack of recognition of the economic value of nature and the ecosystem services it provides, hinder the mobilisation of economic resources to rich biodiverse developing countries and to local and Indigenous communities, delaying the climate and nature transitions.

Governments and policymakers should aim towards better coordination to tackle the risks and seize the opportunities presented by the global just transition. Collaborative climate governance, improving information symmetry, technology transfers and climate finance provision are all tools at policymakers' disposal to achieve this goal.

7. Please provide information on any relevant data, analysis, and assessments regarding human rights and just transition.

In addition to the resources highlighted above, the following sources provide useful data and information to approach the just transition.

- Global Mining Commission 2030 [Landscape Report: The Role of Investors in Realising an Environmentally and Socially Responsible Mining Industry.](#)
- ILO [The Role of Social Dialogue and Tripartism in a Just Transition towards Environmentally Sustainable Economies and Societies for All](#)
- [Investors Against Slavery and Trafficking Asia Pacific](#) initiative.

- PRI [Climate policy roadmap](#).
- PRI [Human rights benchmarks for investors: an overview](#).
- PRI [response](#) to call for inputs on “Extractive Sector, Just Transition and Human Rights”.
- PRI [Human rights due diligence for private markets investors: a technical guide](#).
- PRI [Human rights in sovereign debt: the role of investors](#).
- UNEP FI [Just Transition Finance: Pathways for Banking and Insurance](#).
- World Benchmarking Alliance [Social benchmark](#) – and linked [report on CSDDD preparedness](#).

The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of the Office of the High Commissioner for Human Rights further to support the inclusion of human rights considerations in transition policies globally.

Please send any questions or comments to policy@unpri.org.

More information on www.unpri.org