



BE HUMAN RIGHTS CONFIDENT

# **The Fast Moving Consumer Goods Sector and the Just Transition:**

## **The State of Play and the Road Ahead**

### ***Full Report***

**February 2023**

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# INTRODUCTION

## About

Over the course of October 2022 through to January 2023, Human Level worked with AIM-Progress<sup>1</sup> and AIM-Progress members to:

- Identify **current practices and trends** among members in addressing and reporting on the links between climate change and human rights;
- **De-mystify the term 'just transition'** for the FMCG sector, building on what other expert organisations are doing in this area;
- Support the creation of a **common understanding** of the just transition for the FMCG sector, based on what member companies are already doing in the human rights/climate nexus space; and
- Provide reflections on a **helpful role for AIM-Progress** to play in the just transition space, ensuring the organisation builds on and amplifies work already being undertaken by peer organisations.

This study captures the results. It was developed by Human Level in close collaboration and consultation with AIM-Progress and its members. In particular, it benefited from a series of interviews with AIM-Progress members and experts.

## Scope

This study is relevant for the fast-moving consumer goods (FMCG) sector, which reflects AIM-Progress' role as a forum for leading FMCG companies and suppliers. Aspects of the study have a specific emphasis on the agricultural value chain. The agricultural value chain is one that is relevant for a large number of FMCG companies, and was a particular area of interest for respondents. Scientific reports also point to the agricultural value chain as being one of the major contributors to climate change, biodiversity loss and ecological degradation, affecting a range of human rights. There will be learnings from the agricultural value chain that will be relevant for other value chains, while there will be learnings from other sectors that will be relevant for FMCG value chains (e.g. when it comes to factories, or chemicals).

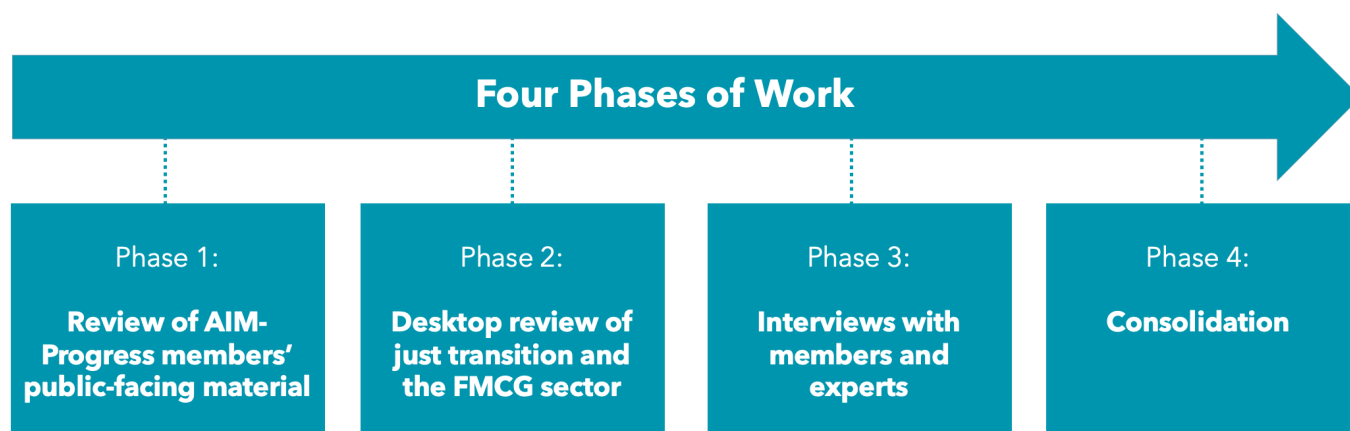
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<sup>1</sup> **AIM-Progress** is a forum of over 40 leading Fast-Moving Consumer Goods (FMCG) companies and suppliers that aims to enable and promote responsible sourcing practices and sustainable supply chains. Its goal is to positively impact people's lives and ensure respect for human rights, while delivering value to its members and their supply chains. It achieves this through building capabilities so that member organisations and their suppliers have the knowledge, confidence and ability to develop and execute robust responsible sourcing programmes.

**Human Level** is an expert advisory firm that empowers progressive companies to be human rights confident. Human Level's vision is a world in which people are front and centre of the transition to a sustainable economy. Human Level works with companies to build practical solutions to place people front and centre of their business, grounded in international methodologies, company experiences and leading practices. Human Level also amplifies knowledge, research and insights that will help companies be human rights confident with a specific focus on the inter-connections between climate, the environment and human rights. Weekly updates are available at [www.wearehumanlevel.com/content-hub](http://www.wearehumanlevel.com/content-hub).

## Methodology

The study was divided up into four phases of work, as follows:



### Phase One: Review of external material

The first phase involved a review of the publicly accessible material of AIM-Progress members to assess whether and how members use the term just transition, or related terms. This public-facing material included members' websites and ESG/sustainability report. Eight member companies were studied in more detail. These companies were selected, in discussion with AIM-Progress, on the basis of their work in this area and/or to supplement the interview discussions. For these companies, we also reviewed their policies, annual reports, and ESG strategies to see what they were saying and doing on the interconnections between human rights, climate and other environmental issues.

### Phase Two: Desktop review

The second phase involved a desktop review of the latest research and literature on relevant topics, to build on Human Level's experience and expertise working with companies in the agricultural sector. Our review included literature on:

- The future of the FMCG sector with an emphasis on the agricultural value chain – the current state of play, the transitions ahead, and relevant risks to people. Our review draws on the best available (UN) climate science to date.
- The concept and practice of just transition – definitions, trends, frameworks, best practice, and lessons from other sectors.

### Phase Three: Interviews

We interviewed ten AIM-Progress member companies for this research. The interviewees were primarily from the human rights and sustainability teams, with some interviewees from the climate and environmental functions as well. This cross-function perspective was important for the project, since just transition by its very nature brings together human rights, climate and environmental areas of expertise. Additional interviews were held with representatives from the UN Global Compact; World Benchmarking Alliance; Institute for Human Rights and Business; and

the Grantham Institute. Others spoke to us in their private capacity, including other leading experts on the climate and environmental risks posed by the FMCG sector and agricultural value chain.

<p><u>Company interviews:</u></p> <p>We spoke with representatives from the following companies:</p> <ul style="list-style-type: none"><li>• AB InBev</li><li>• Barry Callebaut</li><li>• Diageo</li><li>• Ferrero</li><li>• Johnson &amp; Johnson</li><li>• Mars</li><li>• Nestle</li><li>• P&amp;G</li><li>• PepsiCo</li><li>• Westrock</li></ul>	<p><u>Expert interviews:</u></p> <p>We spoke with several experts, including representatives from the following organisations:</p> <ul style="list-style-type: none"><li>• UN Global Compact</li><li>• World Benchmarking Alliance</li><li>• Institute for Human Rights and Business</li><li>• Grantham Research Institute on Climate Change and the Environment</li><li>• Organization for Economic Co-operation and Development (OECD)</li></ul> <p>Other experts spoke to us in their private capacity.</p>
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These interviews involved conversations around two key themes:

- Understanding companies’ relationship to the concept of ‘just transition’—is it clear, confusing, relevant, useful, etc.?
- How are companies seeing the connections between their climate and human rights/social impact work? What might help in connecting the dots?

Our learnings from these conversations were anonymised and aggregated.

### Acknowledgments and Disclaimers

AIM-Progress and Human Level would like to thank AIM-Progress members for their participation in this study. The interviews were candid, open and informative. We gathered a significant amount of information through these conversations, with a number of respondents observing that this was the first time that they were sharing this kind of information. We would like to specifically acknowledge these members for their sharing, which in turn will help advance the field of practice.

We also would like to acknowledge the wealth of information and expertise that now exists on this topic, and we specifically thank our expert interviewees for their helpful and informative contributions and inputs.

Lead authors Anna Triponel and Malin Helgesen would also like to thank the AIM-Progress Secretariat, and in particular Louise Herring and Yael Fattal, for their helpful inputs and direction, and Human Level Advisors and Advisory Partners Ana Maria Uribe, Selwyn Coles, Jodie Tang, Maddie Wolberg and Séphora Kermabon for their support throughout the process.

This study serves as a starting point for AIM-Progress and its members to advance on in the field of just transition. It by no means seeks to be an exhaustive study of the topic for the FMCG sector. This report does not constitute legal advice.

## Study Structure

This study is comprised of eight parts, as follows:

### Part 1: What is the just transition in a nutshell

In this part of the report, we delve briefly into the origins and evolution of the just transition term, and provide the reference points for FMCG companies to build on in understanding just transition today. We also describe how recent expert convenings and reports have delved further into these reference points, and provide further definitional aspects to the concept of just transition.

### Part 2: Why pressure is accelerating for just transition

The best available scientific evidence shows an acceleration in climate change, biodiversity loss and ecosystem degradation, as humanity oversteps several planetary boundaries. This, in turn, leads to growing and severe human rights impacts on people. Part 2 of the study looks at three dimensions of these developments relating to the FMCG sector. It discusses how (1) workers and stakeholders in the FMCG sector are some of the groups most vulnerable to these human rights impacts; (2) companies in the FMCG sector are being called upon to quickly transition away from unsustainable practices, while ensuring that the transition manages impacts on people that work in or depend on the sector, and (3) science is increasingly unified on what kind of actions are needed, including from companies.

### Part 3: What other organisations are doing

The area of just transition is a rapidly growing field and has evolved significantly since we started working on the topic in 2019. In this part, we provide an overview of some of the recent initiatives and activities undertaken in this field. We delve into recent efforts by international and regional organisations and convenings, governments, legislators, courts, investors, business sectors and industries, as well as workers, trade unions, communities and civil society. This list is not intended to be an exhaustive list, but rather to serve to illustrate the growth in the pace of activities in this field by a full range of stakeholders and organisations, as well as to highlight ongoing efforts that AIM-Progress and its members may wish to further engage with.

### Part 4: Desktop review of AIM-Progress members and the just transition

This part provides the results of the desktop review of what companies are saying publicly on the interconnections between climate, the environment and human rights, and just transition. The review shows that a growing number of member companies are speaking about the interconnections between climate, the environment and human rights, and some of these companies are starting to speak publicly about the just transition. They are starting to incorporate references to the interconnections and just transition into their public materials, and with time, starting to update their policies and strategies.

### Part 5: FMCG company perspectives on the just transition

This part of the study summarises the findings from the interviews with the AIM-Progress members. These findings are also informed by the insights shared with us as part of the external expert interviews. These reflections can be grouped into four overarching themes, with eleven reflections underneath these themes. The themes are: (1) Why the just transition matters, (2) What the just transition means, (3) How to make progress on the just transition in the FMCG sector and (4) How to advance on just transition in practice within companies.

#### **Part 6: Four priority areas for the just transition road ahead in the FMCG sector**

The respondents as part of the interview process identified a number of actions that would support FMCG companies in advancing on the just transition. In this part, we group reflections on required steps ahead into four priority areas. These priority areas can in turn inform the actions AIM-Progress can take moving forward.

#### **Part 7: Just transition risks and impacts in the FMCG sector: an identification framework**

This study identified the importance of building on existing reference points for just transition. This study – in particular within its qualitative interview phase – further identified the value for companies of articulating the kinds of risks and impacts that are in scope for their just transition work. This Part provides an initial identification framework for risks and impacts associated with the just transition in the FMCG sector.

#### **Part 8: Role for AIM-Progress**

In this part, we first delve into why AIM-Progress is well placed to advance on this topic, and the possible role AIM-Progress can play, building on the results of this study.

# PART 1: WHAT IS THE JUST TRANSITION IN A NUTSHELL

In this part of the report, we delve briefly into the origins and evolution of the just transition term, we provide the reference points for FMCG companies to build on in understanding just transition today, and we describe how recent expert convenings and reports have delved further into these reference points, and provide further definitional aspects to the concept of just transition.

In short, the **just transition** is a whole-of-society transformation to environmentally and socially sustainable economies and societies.

This transformation involves several interlocking **transitions**, including decarbonisation, sustainable development, the eradication of poverty, and the creation of decent work and quality jobs. People need to be front and centre of these transitions for them to be **just**.

## Origin and Evolution

The term just transition originated in the 1970-90s within trade unions as part of an effort to promote health and safety in the transition out of coal.<sup>2</sup> A key concern was to align worker struggles with environmental action and environmental justice. The term entered the intergovernmental climate sphere in 2010, when agreements following COP16 in Cancun referred to the concept.<sup>3</sup>

In 2015, the International Labour Organization (ILO) published its 'Guidelines on Just Transition Towards Environmentally Sustainable Economies and Societies for All', adopted through international tripartite consensus.<sup>4</sup> The term just transition was referenced in the preamble of the 2015 Paris Agreement,<sup>5</sup> and discussed further in the Solidarity and Just Transition Silesia Declaration in 2018,<sup>6</sup> with a just transition toolbox published by the Polish Presidency of COP24.<sup>7</sup>

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<sup>2</sup> This paragraph draws from the United Nations Research Institute for Social Development (UNRISD), "Mapping Just Transition(s) to a Low-Carbon World" Just Transition Research Collaborative" (2018), available at

<https://www.unrisd.org/en/library/publications/mapping-just-transitions-to-a-low-carbon-world>; Wilton Park and Institute for Human Rights and Business Report "Just Transitions Dialogue: Exploring the Need for International Rules Based on Local Realities" (October 2022), available at <https://www.wiltonpark.org.uk/wp-content/uploads/2022/04/WP3012-Report.pdf>; and Halina Ward for Institute for Human Rights and Business "Just Transitions for All: Business, Human Rights, and Climate Action" (2020), available at <https://www.ihrb.org/focus-areas/just-transitions/report-just-transitions-for-all>.

<sup>3</sup> United Nations "Framework Convention on Climate Change" FCCC/CP/2010/7/Add.1, Part I, para. 10, and Part E, fourth recital (Mar 2011), available at <https://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>.

<sup>4</sup> International Labour Organization, Guidelines for a Just Transition Toward Environmentally Sustainable Economies and Societies for All (2015), available at [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_432859.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf).

<sup>5</sup> Paris Agreement, Preamble (2015), available at: [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf).

<sup>6</sup> Ministry of Environment, Poland "Solidarity and Just Transition: Summary Report of the Actions" (2019), available at <https://vdocuments.mx/solidarity-and-just-transition-cop24-2019-10-16-7-cop24-presidency-solidarity.html>.

<sup>7</sup> "Solidarity and Just Transition: Summary Report of the Actions", Ministry of Environment, Poland (2019), available at: [https://climatestrategies.org/wp-content/uploads/2019/01/Implementing-Just-Transition-after-COP24\\_FINAL.pdf](https://climatestrategies.org/wp-content/uploads/2019/01/Implementing-Just-Transition-after-COP24_FINAL.pdf).

Just transition became a critical concept in the “Glasgow Climate Pact” following COP26,<sup>8</sup> and more recently the Sharm El Sheikh Implementation Plan.<sup>9</sup>

The scope of just transition has broadened over time. In its initial scope, the concept was sector-specific and focused on the rights of workers in workplace transitions in connection with environmental action. The concept has broadened to encompass the rights of all people and groups impacted by the transitions (including communities, Indigenous communities, consumers, and other stakeholders), and applies to all sectors (albeit differently, since each sector is transitioning differently).

## Reference Points

### ILO Guidelines

The ILO’s 2015 Guidelines for a Just Transition Toward Environmentally Sustainable Economies and Societies for All provide the guidelines for a just transition. These guidelines were adopted through international tripartite consensus, and they provide “non-binding practical orientation to Governments and social partners” on the topic of just transition.<sup>10</sup>

The ILO’s vision for a just transition includes the following (emphasis has been added):<sup>11</sup>

- “A just transition for all towards an **environmentally sustainable economy** ... needs to be well managed and contribute to the goals of **decent work for all, social inclusion** and the **eradication of poverty**.”
- “When referring to the greening of economies, enterprises and jobs, we consider it in the **context of sustainable development and poverty eradication**.”
- “Managed well, **transitions to environmentally and socially sustainable economies** can become a strong driver of job creation, job upgrading, social justice and poverty eradication.”
- “Sustainable development is only possible with the active engagement of the world of work. **Governments, employers and workers** are not passive bystanders, but rather agents of change, who are able to develop new ways of working that **safeguard the environment** for present and future generations, **eradicate poverty** and **promote social justice** by fostering sustainable enterprises and creating decent work for all.”

To meet this vision, the ILO has put forward seven guiding principles for the just transition, as follows:

<b>Guiding principle a: Strong social consensus</b>	“Strong social consensus on the goal and pathways to sustainability is fundamental. Social dialogue has to be an integral part of the institutional framework for policy-making and implementation at all levels. Adequate,
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<sup>8</sup> United Nations Framework Convention on Climate Change (UNFCCC), “Glasgow Climate Pact” (Nov 2021), available at <https://unfccc.int/process-and-meetings/the-paris-agreement/the-glasgow-climate-pact-key-outcomes-from-cop26>.

<sup>9</sup> United Nations Framework Convention on Climate Change (UNFCCC), “Sharm el-Sheikh Implementation Plan” (20 Nov 2022), available at <https://unfccc.int/documents/624444>.

<sup>10</sup> International Labour Organization, “Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All” (2015) at 3.

<sup>11</sup> At 4.

	informed and ongoing consultation should take place with all relevant stakeholders.” <sup>12</sup>
<b>Guiding principle b: Fundamental principles and rights at work</b>	“Policies must respect, promote and realize fundamental principles and rights at work.”
<b>Guiding principle c: Gender</b>	“Policies and programmes need to take into account the strong gender dimension of many environmental challenges and opportunities. Specific gender policies should be considered in order to promote equitable outcomes.”
<b>Guiding principle d: Coherent policies</b>	“Coherent policies across the economic, environmental, social, education/training and labour portfolios need to provide an enabling environment for enterprises, workers, investors and consumers to embrace and drive the transition towards environmentally sustainable and inclusive economies and societies.”
<b>Guiding principle e: Decent jobs</b>	“These coherent policies also need to provide a just transition framework for all to promote the creation of more decent jobs, including as appropriate: anticipating impacts on employment, adequate and sustainable social protection for job losses and displacement, skills development and social dialogue, including the effective exercise of the right to organize and bargain collectively.”
<b>Guiding principle f: No one size fits all</b>	“There is no “one size fits all.” Policies and programmes need to be designed in line with the specific conditions of countries, including their stage of development, economic sectors and types and sizes of enterprises.”
<b>Guiding principle g: International cooperation</b>	“In implementing sustainable development strategies, it is important to foster international cooperation among countries. In this context, we recall the outcome document of the United Nations Conference on Sustainable Development (Rio +20), including section VI on means of implementation.”

## Paris Agreement and Silesia Declaration

In 2015, the **Paris Agreement** recognised the need for a transition to a net-zero economy. The Agreement referenced just transition in its preamble:<sup>13</sup>

*“Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities.”*

In 2018, the **Solidarity and Just Transition Silesia Declaration** was launched at COP24 in Katowice, Poland, gaining the support of 56 leaders.<sup>14</sup> The Declaration:

<sup>12</sup> ‘Social dialogue’ is a foundational aspect of the just transition in the ILO’s vision. Social dialogue refers to all kinds of negotiation, consultation or communication between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. See International Labour Organization, “Social Dialogue”, webpage, accessible at [https://www.ilo.org/actemp/areas-of-work/WCMS\\_731146/lang--en](https://www.ilo.org/actemp/areas-of-work/WCMS_731146/lang--en).

<sup>13</sup> United Nations Framework Convention on Climate Change (UNFCCC), “Paris Agreement” (2015), Preamble, available at [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf).

<sup>14</sup> Ministry of Environment, Poland “Solidarity and Just Transition: Summary Report of the Actions” (2019), available at <https://vdocuments.mx/solidarity-and-just-transition-cop24-2019-10-16-7-cop24-presidency-solidarity.html>.

- Expressly builds upon the ILO's Just Transition Guidelines, the Paris Agreement, and the Sustainable Development Goals;
- Highlights the need to “tackle environmental, social and economic problems in a coherent and integrated manner”; and
- Broadens the scope of just transition to encompass both adaption and mitigation measures, and the “well-being of workers and their communities.”

The Silesia Declaration also provides that the signatories:

“Stress that just transition of the workforce and the creation of decent work and quality jobs are crucial to ensure an effective and inclusive transition to low greenhouse gas emission and climate resilient development, and to enhance the public support for achieving the-long term goals of the Paris Agreement.”

## The UN Guiding Principles on Business and Human Rights

The **UN Guiding Principles on Business and Human Rights** (the UNGPs or the UN Guiding Principles) of 2011 provide the reference point for companies seeking to respect human rights throughout their operations as they transition toward environmentally and socially sustainable economies and societies.<sup>15</sup>

The UNGPs, endorsed by the UN Human Rights Council in 2011, capture the expectation of all companies to respect internationally recognised human rights throughout their operations. They provide for specific policies and processes that enable companies to meet their responsibility to respect human rights. In particular, companies are expected to conduct human rights due diligence – grounded in stakeholder engagement - to identify, prevent, mitigate and account for how they address their impacts on human rights. This includes impacts on human rights that arise by virtue of the transition. The UNGPs ground the risks and impacts on people on human rights that are internationally recognised and therefore universally applicable. These include those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the ILO Declaration on Fundamental Principles and Rights at Work.

Stakeholder engagement is provided specific importance in a company's responsibility to respect under the UNGPs. It requires ongoing dialogue and collaboration between a company and its potentially affected stakeholders enabling the company to hear, understand and respond to affected stakeholder's interests and concerns.

## Recent Definitional Aspects

Recent expert convenings and reports have delved further into these reference points, and provide further definitional aspects to the concept of just transition.

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<sup>15</sup> United Nations Human Rights Office of the High Commissioner, “Guiding Principles on Business and Human Rights” (2011), available at [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf).

## Four Elements (IHRB-Wilton Park Dialogue)

A recent IHRB-Wilton Park Just Transitions Dialogue brought together experts, policy makers, and practitioners to discuss the current state of play on the meaning of just transition.<sup>16</sup> One of the dialogue's main aims was to "enhance understanding of how the international human rights framework can contribute to just transitions."<sup>17</sup>

The participants emphasize that just transition is "a whole-of-society approach to decarbonisation that respects human rights while promoting sustainable development, the eradication of poverty, and the creation of decent work and quality jobs." They also agreed on the importance of grounding the just transition language into its essential elements to ensure "swift climate action that is truly 'just.'" They identified four elements of a just transition, as follows:<sup>18</sup>

<b>Element 1: Risks and Impacts</b>	"The actions of public and private actors engaged in transition processes will inevitably pose risks to potentially affected groups, including workers, communities, indigenous peoples, and consumers. These adverse impacts should be actively prevented and mitigated through ongoing human rights due diligence."
<b>Element 2: Opportunities and Benefits</b>	"The fulfilment of human rights and requirements for a dignified life are foundational to workers, communities, indigenous peoples, and consumers impacted by transition processes. These and other affected stakeholders should be able to <i>negotiate</i> and <i>access</i> the opportunities and benefits, as well as trade-offs, that the pathway to the green economy entails."
<b>Element 3: Agency and Accountability</b>	"Deliberate inclusivity and meaningful engagement should be part of all transition plans, processes, and outcomes in order to achieve bottom-up support for the necessary disruptions to come. Both risk prevention and opportunity maximisation are dependent on building accountability to, and ensuring the agency of, potentially affected groups in transition planning and decision making."
<b>Element 4: Transformational Systems Change</b>	"A just transition cannot simply replace an extractive carbon economy with a system of green extraction where fundamental power relations remain unchanged. A sustainable and just future requires more fundamental reshaping of economies to produce regenerative systems that address unequal power dynamics head on."

## Key Just Transition Factors (Grantham Research Institute)

As another recent example, the Grantham Research Institute on Climate Change and the Environment, has worked with banking representatives and investors to offer a guide for financial

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<sup>16</sup> Wilton Park and Institute for Human Rights and Business "Just Transitions Dialogue: Exploring the Need for International Rules Based on Local Realities" (October 2022), available at: [www.wiltonpark.org.uk/wp-content/uploads/2022/04/WP3012-Report.pdf](http://www.wiltonpark.org.uk/wp-content/uploads/2022/04/WP3012-Report.pdf). The participants were drawn from key transition countries, international organisations, businesses, key transition countries, international organisations, businesses, finance, philanthropy, trade unions, and civil society.

<sup>17</sup> At 3.

<sup>18</sup> At 2.

institutions on how they can “incorporate consideration of the social dimension of climate action – in other words a just transition – within their net zero transition plans.”<sup>19</sup>

The results, captured in a report of October 2022, identifies three key factors for financial institutions to consider in the design and delivery of their just transition plans. Although tailored to financial institutions, these factors are relevant for companies as well:<sup>20</sup>

<b>Factor 1: Anticipate, assess and address the social risks of the transition</b>	“The just transition is about understanding and acting on the distributional implications of net zero for people. Net zero plans should be designed to ensure costs and benefits are allocated fairly, particularly so that vulnerable and marginalised communities do not bear the burden of change. Therefore, the potential social risks of transition finance needed to be assessed and addressed so that no one is left behind.”
<b>Factor 2: Identify and enable the social opportunities of the transition</b>	“The transition can also be shaped to deliver positive social impacts for workers, communities and consumers. Transition plans should explore how financial institutions can seize the social opportunities of net zero, for example, to create green jobs with decent work, to eradicate energy and fuel poverty and reduce longstanding inequalities (for example, around income, gender and race).”
<b>Factor 3: Ensure meaningful dialogue and participation in net zero planning</b>	“The just transition is a process as well as an outcome, with a focus on procedural justice that means that financial sector net zero plans should support social dialogue with workers and the participation of other affected stakeholders. This should include proactive efforts to empower excluded groups. Financial institutions must also ensure they are lending to and investing in companies that are pursuing an inclusive approach.”

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<sup>19</sup> 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” (October 2022), available at: <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/10/Making-Transition-Plans-Just-2.pdf>.

<sup>20</sup> 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” (October 2022) at p. 2, available at: <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/10/Making-Transition-Plans-Just-2.pdf>.

## PART 2: WHY PRESSURE IS ACCELERATING FOR JUST TRANSITION

The best available scientific evidence shows an acceleration in climate change, biodiversity loss and ecosystem degradation, as humanity oversteps several planetary boundaries. This, in turn, leads to growing and severe human rights impacts on people. This Part 2 looks at three dimensions of these developments relating to the FMCG sector. It discusses how:

1. Workers and stakeholders in the FMCG sector are some of the groups most vulnerable to these human rights impacts.
2. The FMCG sector is also a substantial contributor to the problem. Companies in the sector are therefore being called upon to quickly transition away from unsustainable practices, while ensuring that the transition manages impacts on people that work in or depend on the sector.
3. Science is increasingly unified on what kind of actions are needed, including from companies.

“The cumulative scientific evidence is unequivocal: climate change is a threat to human well-being and planetary health. Any further delay in concerted anticipatory global action on adaptation and mitigation will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all.”<sup>21</sup>

Climate change has “adverse effects ... for the effective enjoyment of human rights, including, inter alia, the right to life, the right to adequate food, the right to enjoyment of the highest attainable standard of physical and mental health, the right to adequate housing, the right to self-determination, the rights of safe drink water and sanitation, the right to work and the right to development....”<sup>22</sup>

“[T]he adverse effects of climate change are felt most acutely by those segments of the population that are already in vulnerable situations owing to factors such as geography, poverty, gender, age, indigenous or minority status where applicable, national or social origin, birth or other status, and disability.”<sup>23</sup>

### Human rights impacts on stakeholders in the FMCG Sector

Discussions of just transition are accelerating because of growing and overwhelming scientific evidence of the severe, interconnected and often irreversible impacts of climate change on ecosystems, biodiversity, and human systems at large,<sup>24</sup> including on the effective enjoyment of internationally recognised human rights.<sup>25</sup> We have recently seen the international recognition of a right to a clean, healthy and sustainable environment.<sup>26</sup>

“Climate change impacts are stressing agriculture, forestry, fisheries and aquaculture, increasingly hindering efforts to meet human needs.”<sup>27</sup>

Agriculture is ... “one of the economic sectors most at risk from” climate change.<sup>28</sup>

We focus here on the agricultural part of FMCG value chains. Climate change, biodiversity loss and ecological degradation are increasingly causing substantive changes to resource availability and quality (nutrition) for all; and consequential impact to trade flows, price, producer income and production stability and profitability in the sector; on which a substantial part of humans rely on for income. More than 1 billion people rely on international food trade for work.<sup>29</sup> Agriculture employs approximately 1.3 billion people.<sup>30</sup> Illustrative examples include:<sup>31</sup>

- **Crops** and crop-based farming represent about 80% of the global dietary energy supply. Global warming is increasingly reducing yield productivity and crop lifetimes (although there is large variation across continents and crop types), simultaneously and across major producing regions at a scale that threatens food security. For example, crop loss in Europe due to drought and heat have tripled over the last five decades. Global floods increase over the last 50 years have caused direct damage to crops and indirectly reduced yields by delaying planting; amounting to USD 4.5 billion in costs from the 2010 flood in Pakistan and USD 572 million in the 2015 flood in Myanmar.<sup>32</sup> There is also a direct correlation between a warmer climate and reduced food quality (nutrition).
- **Livestock** represents 18% of the global dietary energy intake and 39% of our global protein intake. Warmer climates reduce animal fertility and productivity, increase their vulnerability to disease and parasites, and increase stress on available water resources; cumulatively estimated to reduce global livestock numbers by up to 10% by 2050.
- **Fish and aquaculture** provide more than 3.3 billion people with more than 20% of their average protein intake. The importance of “blue food” is increasing, since it constitutes a healthy source of protein in dietary energy, including for children’s cognitive development. Therefore, changes in fish production resulting from climate change can have substantive, negative effects on food security. Oceans fisheries and aquaculture have already been significantly impacted by climate change; and wetland fisheries face major threats from

<sup>21</sup> Intergovernmental Panel on Climate Change (IPCC) “Climate Change 2022: Impacts, Adaptation and Vulnerability”, Working Group II Contribution to the Sixth Assessment Report”, Working Group Report, at [D.5.3], available at [https://report.ipcc.ch/ar6/wg2/IPCC\\_AR6\\_WGII\\_FullReport.pdf](https://report.ipcc.ch/ar6/wg2/IPCC_AR6_WGII_FullReport.pdf).

<sup>22</sup> The United Nations Human Rights Council “Human Rights and climate change” (2019), A/HRC/RES/41/21, (OHCHR), available at <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G19/223/65/PDF/G1922365.pdf?OpenElement>.

<sup>23</sup> Ibid.

<sup>24</sup> The IPCC Climate Change Report 2022, at p. vii, [https://report.ipcc.ch/ar6/wg2/IPCC\\_AR6\\_WGII\\_FullReport.pdf](https://report.ipcc.ch/ar6/wg2/IPCC_AR6_WGII_FullReport.pdf)

<sup>25</sup> United Nations Human Rights Council, “Human rights and climate change” (12 July 2019), A/HRC/RES/41/21, available at <https://digitallibrary.un.org/record/3834953>.

<sup>26</sup> United Nations General Assembly “The human right to a clean, healthy and sustainable environment” (28 July 2022), A/77/L.75, available at “The human right to a clean, healthy and sustainable environment”, available at <https://digitallibrary.un.org/record/3983329>.

<sup>27</sup> Intergovernmental Panel on Climate Change (IPCC) “Climate Change 2022: Impacts, Adaptation and Vulnerability”, Working Group II Contribution to the Sixth Assessment Report”, Working Group Report page at [D.5.3].

<sup>28</sup> Francesco N Tubiello et al., “Greenhouse gas emissions from food systems: building the evidence base”, *Environ. Res. Lett.* 16 (2021) 065007, at 1, available at <https://iopscience.iop.org/article/10.1088/1748-9326/ac018e/pdf>.

<sup>29</sup> Intergovernmental Panel on Climate Change (IPCC) “Climate Change 2022: Impacts, Adaptation and Vulnerability”, Working Group II Contribution to the Sixth Assessment Report”, Working Group Report, at 790, available at [https://report.ipcc.ch/ar6/wg2/IPCC\\_AR6\\_WGII\\_FullReport.pdf](https://report.ipcc.ch/ar6/wg2/IPCC_AR6_WGII_FullReport.pdf).

<sup>30</sup> International Labour Organization (ILO), “Agriculture: a hazardous work”, webpage, available at [https://www.ilo.org/safework/areasofwork/hazardous-work/WCMS\\_110188/lang--en/index.htm](https://www.ilo.org/safework/areasofwork/hazardous-work/WCMS_110188/lang--en/index.htm).

<sup>31</sup> Unless otherwise stated, examples are extracted from Intergovernmental Panel on Climate Change (IPCC) “Climate Change 2022: Impacts, Adaptation and Vulnerability”, Working Group II Contribution to the Sixth Assessment Report”, Working Group Report, at 717 and onwards

<sup>32</sup> At 729.

water stress, sedimentation, weed proliferation, sea level rise and loss of wetland connectivity.

- **Storage and transportation of food**, particularly the most nutritious food, will also face risks of loss due to a warmer and more humid climate; including increased risks of disease and contamination during transport and storage; increased costs of preservation such as refrigeration; and disruptions to domestic and international transportation networks from extreme weather events.
- **Food safety in general will decrease** as poisonous fungi and bacteria flourish in higher temperatures; and heavier and more frequent rainfalls will increase the flow of heavy metals into fresh-water systems and contaminate food with potentially serious health effects to humans. Increased floodings and transmission of animal diseases that can infect humans could increase the spread of antibiotic-resistant bacteria into the environment (affecting both humans and livestock).
- **Labour productivity** loss due to climate change related heat stress is already a growing problem. Already between 2000 and 2015, the global average labour productivity sank by 5.3% and by 14% in low-income tropical countries. Parts of South Asia, tropical Sub-Saharan Africa and part for Central and South America, will have up to 250 days per year with climatically stressful conditions for outdoor workers.<sup>33</sup> According to a recent study, heat stress is also affecting labourers from variations in food intake.<sup>34</sup>

## The contribution of the FMCG Sector

“Rapid expansion and unsustainable management of croplands and grazing lands is the most extensive global direct driver of land degradation. Combatting land degradation, which is a pervasive, systemic phenomenon occurring in all parts of the world, is an urgent priority in order to protect the biodiversity and ecosystem services that are vital to all life on Earth and to ensure human well-being.”<sup>35</sup>

“Global food production threatens climate stability and ecosystem resilience and constitutes the single largest driver of environmental degradation and transgression of planetary boundaries.”<sup>36</sup>

The best available scientific knowledge agrees that the FMCG sector, and in particular current agricultural and food production models, acts as substantial contributor to climate change, biodiversity loss and ecological degradation.<sup>37</sup> (And as noted, these in turn are causing severe

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<sup>33</sup> Intergovernmental Panel on Climate Change (IPCC), “Climate Change and Land”, Special Report, at 717, available at [https://www.ipcc.ch/site/assets/uploads/sites/4/2022/11/SRCCCL\\_Full\\_Report.pdf](https://www.ipcc.ch/site/assets/uploads/sites/4/2022/11/SRCCCL_Full_Report.pdf).

<sup>34</sup> At 795.

<sup>35</sup> The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), “The assessment report on land degradation and restoration” (2018), at iv and xxiv, available at [https://zenodo.org/record/3237393#.Y\\_ERubTMI6F](https://zenodo.org/record/3237393#.Y_ERubTMI6F).

<sup>36</sup> EAT-Lancet Commission, “Summary Report: Healthy Diets from Sustainable Food Systems: Food, Planet, Health” (2019), at 5, available at [https://eatforum.org/content/uploads/2019/07/EAT-Lancet\\_Commission\\_Summary\\_Report.pdf](https://eatforum.org/content/uploads/2019/07/EAT-Lancet_Commission_Summary_Report.pdf).

<sup>37</sup> For instance, Impacts on climate and the earth biosphere from agriculture are discussed across the report: Intergovernmental Panel on Climate Change (IPCC) “Climate Change 2022: Impacts, Adaptation and Vulnerability”, Working Group II Contribution to the Sixth Assessment Report”, available at [https://report.ipcc.ch/ar6/wg2/IPCC\\_AR6\\_WGII\\_FullReport.pdf](https://report.ipcc.ch/ar6/wg2/IPCC_AR6_WGII_FullReport.pdf).

impacts to human health, livelihoods and other human rights). Some of this evidence is summarised below, for example:

- **Global food systems** (including farming, production, transport and food waste) **account for around one-third of total of GHG emissions**,<sup>38</sup> and are therefore a significant contributor to the negative impacts on the biosphere and human systems.
- **Current ways of managing land for crops and grazing is the most extensive global direct driver of land degradation and subsequent biodiversity and habitat loss.** The rate of soil erosion from agriculture is estimated to be 20 to 100 times higher than the soil formation rate.<sup>39</sup> For this reason, food systems have been described as the biggest single driver of habitat loss,<sup>40</sup> and contributors to the “ongoing ‘sixth extinction’ of biodiversity.”<sup>41</sup> This biodiversity is essential to human existence and wellbeing. Ecosystems provide water, food, energy, medicines, genetic resources and “a variety of materials fundamental for people’s physical well-being and for maintaining culture.”<sup>42</sup> By way of example, by 2019, land degradation had reduced crop productivity by 23% globally; between USD 235 billion and USD 577 billion in annual global crop output was at risk from pollinator loss.<sup>43</sup>
- **Around 70% of the world’s current freshwater use can be attributed to agriculture**, which reduces the amount of water available for people and ecosystems.<sup>44</sup> Around half of the global population is already facing severe water scarcity for at least part of the year; a number that will likely increase as the atmosphere continues to warm. Moreover, the agricultural value chain can pollute water sources through the use of pesticides or through certain industrial processes for food production. This negatively impacts on the rights of people to access clean water, sanitation, food and livelihoods.<sup>45</sup>

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<sup>38</sup> Francesco N Tubiello et al., “Greenhouse gas emissions from food systems: building the evidence base”, *Environ. Res. Lett.* 16 (2021) 065007, available at <https://iopscience.iop.org/article/10.1088/1748-9326/ac018e/pdf>.

<sup>39</sup> Intergovernmental Panel on Climate Change (IPPC), “Climate Change and Land”, Special Report, at [A.1.5], available at [https://www.ipcc.ch/site/assets/uploads/sites/4/2022/11/SRCCL\\_Full\\_Report.pdf](https://www.ipcc.ch/site/assets/uploads/sites/4/2022/11/SRCCL_Full_Report.pdf).

<sup>40</sup> The Nature Conservancy “Foodscapes: Towards Food System Transition” (2021), at 10, available at [https://www.nature.org/content/dam/tnc/nature/en/documents/TNC\\_FoodscapesReport.pdf](https://www.nature.org/content/dam/tnc/nature/en/documents/TNC_FoodscapesReport.pdf).

<sup>41</sup> The Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 12, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>. See also T. Benton, et al., “Food System Impacts on Biodiversity Loss” (2021), available at <https://www.chathamhouse.org/2021/02/food-system-impacts-biodiversity-loss>.

<sup>42</sup> Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), “The global assessment report on biodiversity and ecosystem services: summary for policymakers” (2019), available at [https://ipbes.net/sites/default/files/2020-02/ipbes\\_global\\_assessment\\_report\\_summary\\_for\\_policymakers\\_en.pdf](https://ipbes.net/sites/default/files/2020-02/ipbes_global_assessment_report_summary_for_policymakers_en.pdf).

<sup>43</sup> At 11.

<sup>44</sup> Intergovernmental Panel on Climate Change (IPPC), “Climate Change and Land”, Special Report, available at [https://www.ipcc.ch/site/assets/uploads/sites/4/2022/11/SRCCL\\_Full\\_Report.pdf](https://www.ipcc.ch/site/assets/uploads/sites/4/2022/11/SRCCL_Full_Report.pdf).

<sup>45</sup> The Nature Conservancy “Foodscapes: Towards Food System Transition” (2021), at 59, available at [https://www.nature.org/content/dam/tnc/nature/en/documents/TNC\\_FoodscapesReport.pdf](https://www.nature.org/content/dam/tnc/nature/en/documents/TNC_FoodscapesReport.pdf). See also Food and Agriculture Organization of the United Nations (FAO), “Water pollution from agriculture: a global review: executive summary” (2017), available at <https://www.fao.org/3/i7754e/i7754e.pdf>.

- Despite intensive production, **global food systems fall short in delivering high-quality diets to all humans.**<sup>46</sup> Over 820 million people regularly go hungry globally.<sup>47</sup> The COVID-19 pandemic has further disrupted food systems and economies, and levels of hunger have risen. “Nearly one in three people in the world (2.3 billion) did not have access to adequate food in 2020 — an increase of almost 320 million people in a single year.”<sup>48</sup> With current trends, around 4 billion people will have their right to food impacted from malnutrition in 2030; and annual global costs of undernutrition is estimated at USD 1.8 trillion.<sup>49</sup> At the same time, some 2 billion adults are now obese, and many more consume too much food and food that has too low quality.<sup>50</sup> On top of this, resources worth USD 1.3 trillion are annually wasted along food supply chains, including from food waste.<sup>51</sup> About a third of globally produced food is destroyed or thrown away, which represents around 5% of global GHG emissions. Global food waste is expected to double by 2050 if the current trajectory continues.<sup>52</sup>
- **Food and land use systems are impacting people’s rights to life and health beyond deficiencies in the food itself.** By way of example, around 25% of all deaths related to air pollution are linked to agricultural emissions and particulates, with annual costs of USD 1.3 trillion to human health. Overuse of antibiotics in fish and meat production are causing food-related antibiotics resistance which are causing human deaths at a high rate – possibly as many as 100 million deaths per year in 2050.<sup>53</sup> The high demand for land means that land grabbing is a significant impact in the agricultural value chain, undermining rights to land, culture, and livelihoods, including of indigenous communities.<sup>54</sup>
- **The food system employs more people than any other sector, but often fails to provide workers with an adequate standard of living.** Almost 70% of working populations in low-income countries are employed in the food system; and it provides a significant amount of

<sup>46</sup> See generally EAT-Lancet Commission, “Summary Report: Healthy Diets from Sustainable Food Systems: Food, Planet, Health” (2019), available at [https://eatforum.org/content/uploads/2019/07/EAT-Lancet\\_Commission\\_Summary\\_Report.pdf](https://eatforum.org/content/uploads/2019/07/EAT-Lancet_Commission_Summary_Report.pdf).

<sup>47</sup> Intergovernmental Panel on Climate Change (IPCC) “Climate Change 2022: Impacts, Adaptation and Vulnerability”, Working Group II Contribution to the Sixth Assessment Report”, Working Group Report, at 837, available at [https://report.ipcc.ch/ar6/wg2/IPCC\\_AR6\\_WGII\\_FullReport.pdf](https://report.ipcc.ch/ar6/wg2/IPCC_AR6_WGII_FullReport.pdf).

<sup>48</sup> The Nature Conservancy “Foodscapes: Towards Food System Transition” (2021), at 16, available at [https://www.nature.org/content/dam/tnc/nature/en/documents/TNC\\_FoodscapesReport.pdf](https://www.nature.org/content/dam/tnc/nature/en/documents/TNC_FoodscapesReport.pdf). See also FAO, IFAD, UNICEF, WFP and WHO, 2021, The State of Food Security and Nutrition in the World 2021, in doi:10.4060/cb4474en.

<sup>49</sup> The Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 39, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>50</sup> Intergovernmental Panel on Climate Change (IPCC) “Climate Change 2022: Impacts, Adaptation and Vulnerability”, Working Group II Contribution to the Sixth Assessment Report”, Working Group Report, at 792, available at [https://report.ipcc.ch/ar6/wg2/IPCC\\_AR6\\_WGII\\_FullReport.pdf](https://report.ipcc.ch/ar6/wg2/IPCC_AR6_WGII_FullReport.pdf).

<sup>51</sup> The Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 38, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>52</sup> Sandrine Dixon-Declève et al., “Earth for All: A Survival Guide for Humanity” (New Society Publishers, 2023).

<sup>53</sup> The Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 38, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>54</sup> B. Yang, and J. He, “Global Land Grabbing: A Critical Review of Case Studies Across the World,” Land 10 (3): 324.

work across all countries.<sup>55</sup> Agriculture employs approximately 1.3 billion people,<sup>56</sup> who are also many of the world's poorest. Out of the 740 million people living in extreme poverty, two-thirds are agricultural workers and their dependents.<sup>57</sup> These are workers who struggle to earn enough to enjoy their most basic human rights and to fulfil basic needs – such as food, housing, healthcare, education, transport and small savings.<sup>58</sup> Agricultural workers and communities are also vulnerable to various forms of exploitation, including child labour and forced labour and the undermining of other basic rights.<sup>59</sup> For instance, [e]xcessive work hours are commonplace, both for small-scale farmers and farm workers.”<sup>60</sup> Negative economic and social impacts in agricultural supply chains are greater on women and on girls.<sup>61</sup>

## FMCG Sector: Transitions Ahead

Given the gravity of these threats to humanity, scientists point to the urgent need to transform the global food system (as well as other sectors), and emphasize that the transformation needs to be executed in ways that respects impacted communities and people.

A “radical transformation of the global food system is urgently needed. Without action, the world risks failing to meet the UN Sustainable Development Goals (SDGs) and the Paris Agreement...”<sup>62</sup>

“Climate change directly affects food systems, and the impacts on terrestrial or aquatic food production will become increasingly negative .... Current food system trajectories are leading to biodiversity loss and ... ecosystem degradation without delivering food security, nutrition, and sustainable and healthy livelihoods to many. ... At the same time, social foundations of equality, justice and political participation are crucial in order to move towards a safe operating space for humanity.”<sup>63</sup>

“A human-based approach (HRBA), endorsed by the UN, is one strategy for addressing core inequities that are key drivers for food insecurity and malnutrition of particular groups such as low-income consumers, children, women, small-scale producers and different regions of the world. ... HRBA includes core principles of participation, accountability, non-discrimination, transparency,

<sup>55</sup> World Bank Group “Future of Food: Shaping the Food System to Deliver Jobs” (April 2017), at 4 and 5, available at <https://documents1.worldbank.org/curated/en/406511492528621198/pdf/114394-WP-PUBLIC-18-4-2017-10-56-45-ShapingtheFoodSystemtoDeliverJobs.pdf>.

<sup>56</sup> International Labour Organization (ILO), “Agriculture: a hazardous work”, webpage, available at [https://www.ilo.org/safework/areasofwork/hazardous-work/WCMS\\_110188/lang--en/index.htm](https://www.ilo.org/safework/areasofwork/hazardous-work/WCMS_110188/lang--en/index.htm).

<sup>57</sup> The Nature Conservancy, “Foodscapes: Towards Food System Transition” (2021), at 10, available at [https://www.nature.org/content/dam/tnc/nature/en/documents/TNC\\_FoodscapesReport.pdf](https://www.nature.org/content/dam/tnc/nature/en/documents/TNC_FoodscapesReport.pdf). See also the Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 12, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>58</sup> Fairtrade, “Risk Map: Living Income”, webpage, available at <https://riskmap.fairtrade.net/salient-issues/living-income>.

<sup>59</sup> Stockholm Synthesis report p. 30.

<sup>60</sup> Fairtrade, “Risk Map: Labour rights & conditions”, webpage, available at <https://riskmap.fairtrade.net/salient-issues/labour-rights-and-conditions>.

<sup>61</sup> Food and Agriculture Organization of the United Nations (FAO), “Women in Agriculture: Closing the Gender Gap for Development”, available at <https://www.fao.org/3/i2050e/i2050e01.pdf>.

<sup>62</sup> EAT-Lancet Commission, “Summary Report: Healthy Diets from Sustainable Food Systems: Food, Planet, Health” (2019), at 5, available at [https://eatforum.org/content/uploads/2019/07/EAT-Lancet\\_Commission\\_Summary\\_Report.pdf](https://eatforum.org/content/uploads/2019/07/EAT-Lancet_Commission_Summary_Report.pdf).

<sup>63</sup> Intergovernmental Panel on Climate Change (IPCC) “Climate Change 2022: Impacts, Adaptation and Vulnerability”, Working Group II Contribution to the Sixth Assessment Report”, Working G Report, at 720, available at [https://report.ipcc.ch/ar6/wg2/IPCC\\_AR6\\_WGII\\_FullReport.pdf](https://report.ipcc.ch/ar6/wg2/IPCC_AR6_WGII_FullReport.pdf).

human rights, empowerment and the rule of law, which can be integrated into policymaking and implementation as part of transforming the food system. ... The right to well-being can serve as the overarching umbrella of HRBA to addressing climate change within food systems and includes a right to health, right to food, cultural rights, the rights of the child and the right to healthy environment.”<sup>64</sup> “The world faces a remarkable opportunity to transform food and land use systems over the next ten years ... [But we have] “one to two years in which to turn [food and land use systems] in the right direction, and a decade thereafter to transform them.”<sup>65</sup>

“Change is coming [to the world food system]. It will either come as economic and social disruption, or as part of a managed transformation.”<sup>66</sup> Making a food system transition work is the most urgent challenge the world faces. Done right, the transition makes economic as well as environmental sense: the hidden costs of the current world food system are estimated at USD 12 trillion, USD 2 trillion more than the system generates.”<sup>67</sup>

Scientists have converging views of the multidimensional and comprehensive actions that need to happen to achieve just transition of the FMCG sector and the food system at large, and which are materialising in companies’ mitigation and adaptation strategies. We outline examples below:

- **Regenerative agriculture** can be described as a set of practices that regenerate soil, reduce the use of synthetic fertilizers and pesticides, and ensure that agriculture has a positive environmental effect.<sup>68</sup> Adopting regenerative farming practices entails combining traditional agricultural techniques like crop rotation, controlled livestock grazing systems, and agroforestry with advanced precision farming technologies.
- **Technological and digital advancements and increased food production efficiency** are needed to **increase agricultural productivity**. At farm level, GHG- and energy-efficient farming technologies and practices, some of which are already being used, could achieve about 20% of the sector’s required emissions reduction by 2050.<sup>69</sup>
- A substantive contributor to climate change and the biggest driver of biodiversity loss and ecological degradation today (and the auxiliary impacts to people) are globally traded commodities, such as soy, palm oil, cattle, paper and pulp, cocoa, coffee and rubber. Experts consider that **halting the conversion of natural ecosystems into farmland from 2020 and onwards was and is possible** as well as necessary. To achieve it, they have proposed that we target halting ecosystem conversion between 2025 and 2030, as well as

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<sup>64</sup> At 717.

<sup>65</sup> Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 9 and 19, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>66</sup> The Nature Conservancy “Foodscapes: Towards Food System Transition” (2021), at 9, available at [https://www.nature.org/content/dam/tnc/nature/en/documents/TNC\\_FoodscapesReport.pdf](https://www.nature.org/content/dam/tnc/nature/en/documents/TNC_FoodscapesReport.pdf).

<sup>67</sup> At 9-10.

<sup>68</sup> Burgess, P.J., Harris, J., Graves, A.R., Deeks, L.K., “Regenerative Agriculture: Identifying the Impact; Enabling the Potential” (2019), Report for SYSTEMIQ (Bedfordshire, Cranfield University), at 7, available at <https://farmpep.net/sites/default/files/2022-02/Regenerative-Agriculture-final.pdf>.

<sup>69</sup> McKinsey & Company, “Agriculture and climate change: Reducing emissions through improved farming practices” (April 2020), available at <https://www.mckinsey.com/industries/agriculture/our-insights/reducing-agriculture-emissions-through-improved-farming-practices>.

find ways to finance conservation in tropical rainforest countries.<sup>70</sup> The “goals for 2030 and beyond may only be achieved through transformative changes across economic, social, political and technological factors.”<sup>71</sup>

- **As deforestation and environmental degradation stop, biodiversity and local communities benefit.** Indigenous peoples and other local communities living in the forests, their cultural heritage, livelihoods and sources of food and medicine also depend on halting deforestation and restoring nature.
- **Offsetting residual emissions in the short and middle-term** through Jurisdictional “Reducing Emissions from Deforestation and Forest Degradation” (REDD+) projects is an additional source of finance for forest and environmental conservation that companies can commit to reduce deforestation and degradation beyond their value chains.<sup>72</sup>
- We will need to **develop new, healthy and sustainable protein sources**, with diversification in four main categories: aquatic, plant-based, insect-based and laboratory-cultured. The ocean can produce several times more food than it does today, with a potential of replacing a majority of the meat that the FAO estimates will be needed to feed the future global population.<sup>73</sup> Additional sources of protein are being developed by targeting investment and innovation. Plant-based, insect-based and laboratory-cultured proteins could make up 10% of the global protein market by 2030.<sup>74</sup>
- To shift to healthier and more sustainable diets, we will have to **re-design and adjust product portfolios to ensure healthy and sustainable dietary choices** (i.e., a predominantly plant-based diet which includes more protective foods – fruits, vegetables and whole grains, a diverse protein supply, and reduced consumption of sugar, salt and highly processed foods.)<sup>75</sup>
- **Improving animal husbandry practices** for more sustainable agriculture will entail changes and actions such as banning cage farming and long-haul transportation of live animals; strengthening mandates on the humane slaughter of farmed species; and reducing total territories used for livestock. Territories used for livestock need to be reduced by about one-third by 2030 in order to free up nearly 500 million hectares of land

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<sup>70</sup> Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 26, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>71</sup> The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), “The assessment report on land degradation and restoration” (2018), at 14, available at [https://zenodo.org/record/3237393#\\_Y\\_ERubTMI6F](https://zenodo.org/record/3237393#_Y_ERubTMI6F).

<sup>72</sup> See for example UN REDD Programme, “REDD+ Finance”, webpage, available at <https://www.un-redd.org/work-areas/redd-finance>.

<sup>73</sup> Costello C., Cao L., and Gelchich S. et al, “The Future of Food from the Sea” (2019), World Resource Institute, at 6, available at <https://oceanpanel.org/wp-content/uploads/2022/05/The-Future-of-Food-from-the-Sea.pdf>.

<sup>74</sup> Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 11, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>75</sup> Willett et al, “Food in the Anthropocene: the EAT-Lancet Commission on healthy diets from sustainable food systems” (January 2019) 393 *The Lancet Commissions* 10170, available at <https://www.thelancet.com/commissions/EAT>. For a summary, see EAT-Lancet Commission, “Summary Report: Healthy Diets from Sustainable Food Systems: Food, Planet, Health” (2019), at 5, available at [https://eatforum.org/content/uploads/2019/07/EAT-Lancet\\_Commission\\_Summary\\_Report.pdf](https://eatforum.org/content/uploads/2019/07/EAT-Lancet_Commission_Summary_Report.pdf).

for natural ecosystem restoration and be able to meet the climate targets of the Paris Agreement.<sup>76</sup>

- Productive and healthy fishing and aquaculture (especially in the ocean) are one of the key pathway to better food systems.<sup>77</sup> **Achieving sustainable fishing and aquaculture** entails a number of actions, such as protecting and restoring essential habitats (estuaries, wetlands, mangrove forests and coral reefs); halting overfishing; and curbing nutrient and marine plastic pollution.<sup>78</sup> Additionally, resources need to be invested in improving efficiency in fish farming and feeds, as well as to address the needs of local and artisanal fishers, who make up 90% of all fishers. Artisanal fishers produce “over half of the global catch, 90% of which is consumed locally”.<sup>79</sup>
- Circular food systems require actions such as **reducing food loss and waste along the value chain** (from farm to fork), for instance by extending the shelf life of perishable food, optimizing storage and supply chain infrastructure and efficiency, and improving demand forecasting; **redistributing unavoidable food waste or using it in materials or energy** (as part of circular bioeconomy); and **moving toward circular packaging**.
- Additionally, by 2050, 80% of food is projected to be consumed in cities.<sup>80</sup> This **transition to urbanised consumers and, potentially, urban agriculture** will allow companies and communities to strengthen and scale circular solutions in their towns and cities. Companies and entrepreneurs are already developing strategies to shorten supply chains between farmers and urban consumers and to use the large amounts of organic waste available in cities.<sup>81</sup> Food distribution systems that are built upon principles of circularity should also aim to reduce the level of packaging required to maintain quality and safety.
- The combination of higher productivity, reduced food loss, waste and dietary shifts could shift more than 1.5 billion hectares of agricultural land into natural habitats, resulting in reductions in GHG emissions in alignment with the 1.5°C goal in the Paris Agreement; and biodiversity loss could halt for later to start declining.<sup>82</sup>
- **Strengthening livelihoods for rural communities and reducing poverty** will require increased investment in rural infrastructure (e.g., roads, clean energy, education and healthcare) and connectivity, which will improve the livelihoods of agricultural workers and

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<sup>76</sup> Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 64, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>77</sup> At 11.

<sup>78</sup> Costello C., Cao L., and Gelchich S. et al, “The Future of Food from the Sea” (2019), World Resource Institute, at 6, available at <https://oceanpanel.org/wp-content/uploads/2022/05/The-Future-of-Food-from-the-Sea.pdf>.

<sup>79</sup> Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 114, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>80</sup> Ellen MacArthur Foundation, “Cities and circular economy for food” (2019), at 9, available <https://ellenmacarthurfoundation.org/cities-and-circular-economy-for-food>.

<sup>81</sup> Food and Land Use Coalition (FOLU), “Growing Better: Ten Critical Transformations to Transform Food and Land Use” (September 2019), at 140, available at <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>.

<sup>82</sup> At 27.

contribute to the creation of non-agricultural jobs.<sup>83</sup> Increasing investment in rural assets and offer of banking, insurance and medical services will also allow for rural communities to be more resilient to the transitions ahead and “in the face of possible dislocations caused by the transformation of food and land use systems and increasingly likely weather shocks.”<sup>84</sup>

- **Supporting and promoting gender equality and access to reproductive health services will be an essential element in the transition to more sustainable agricultural systems.** Women have an important role in agriculture and in decisions within rural communities concerning nutrition, health and family planning. Expanding their access to productive resources would enhance productivity growth and reduce inequalities.<sup>85</sup>
- These and other shifts amount to a considerable challenge. In addition to specific actions, effective cross-cutting measures like **putting the right price on carbon and accounting for the value of nature will be required.**<sup>86</sup>

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<sup>83</sup> At 28.

<sup>84</sup> At 28.

<sup>85</sup> United Nations Women, “Press Release: Economic empowerment of rural women positively impacts social norms and strengthens food security” (June 2021), available at <https://www.unwomen.org/en/news/stories/2021/6/press-release-economic-empowerment-of-rural-women>.

<sup>86</sup> Dasgupta, P., “The Economics of Biodiversity: The Dasgupta Review” (2021), London: HM Treasury, available at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/962785/The\\_Economics\\_of\\_Biodiversity\\_The\\_Dasgupta\\_Review\\_Full\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962785/The_Economics_of_Biodiversity_The_Dasgupta_Review_Full_Report.pdf).

## PART 3: WHAT OTHER ORGANISATIONS ARE DOING

In this part, we provide an overview of some of the recent initiatives and activities undertaken in this field. We delve into recent efforts by international and regional organisations and convenings, governments, legislators, courts, investors, business sectors and industries, as well as workers, trade unions, communities and civil society. [Annex A](#) provides further information on these initiatives and activities.

The area of just transition is a rapidly growing field and has evolved significantly since we started working on the topic in 2019. Thus, this list is not intended to be an exhaustive list, but rather to serve to illustrate the growth in the pace of activities in this field by a full range of stakeholders and organisations, as well as to highlight ongoing efforts that AIM-Progress and its members may wish to further engage with.

### International and regional organisations and convenings

Since 1995, the United Nations has brought together almost every country into a global summit – or a Conference of the Parties (COP) – on climate change. In 2022, COP27 was held in Sharm El-Sheih, Egypt. At **COP27**, the parties affirmed that “sustainable and just solutions to the climate crisis must be founded on meaningful and effective social dialogue and participation of all stakeholders and [emphasized that] just and equitable transition encompasses pathways that include energy, socioeconomic, workforce and other dimensions, all of which must ... mitigate potential impacts associated with the transition, and highlight[ed] the important role of the instruments related to social solidarity and protection in mitigating the impacts of applied measures.”<sup>87</sup>

In December 2022, the 15th meeting of the Conference of the Parties (**COP15**) to the UN Convention on Biological Diversity took place (CBD). The CBD is a landmark international agreement that sets out how to safeguard plant and animal species and ensure natural resources are used sustainably. It was first agreed at the Earth Summit in Brazil in 1992 and has been ratified by 196 nations.<sup>88</sup> At this COP15, the parties adopted a number of targets to address the dangerous loss of biodiversity and restoration of natural ecosystems in ways that respect “the rights of indigenous peoples and local communities”; and in ways that ensures the inclusive participation of vulnerable groups in decision-making.<sup>89</sup>

The **EU Commission** has developed a set of strategies and plans to help governments, companies and communities in the European Union transition to a net-zero economy “in a fair way, leaving no one behind.”<sup>90</sup> Just transition principles are also increasingly significant in countries’ climate

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<sup>87</sup> United Nations Framework Convention on Climate Change (UNFCCC), “Sharm el-Sheikh Implementation Plan” (20 Nov 2022), Section VII, available at <https://unfccc.int/documents/624444>.

<sup>88</sup> United Nations, “Convention on Biological Diversity”, webpage, available at <https://www.un.org/en/observances/biological-diversity-day/convention>.

<sup>89</sup> Convention on Biological Diversity, “Press Release: Nations Adapt Four Goals, 23 Targets for 2030 in Landmark UN Biodiversity Agreement”, available at [https://prod.drupal.www.infra.cbd.int/sites/default/files/2022-12/221219-CBD-PressRelease-COP15-Final\\_0.pdf](https://prod.drupal.www.infra.cbd.int/sites/default/files/2022-12/221219-CBD-PressRelease-COP15-Final_0.pdf).

<sup>90</sup> European Commission, “The Just Transition Mechanism: making sure no one is left behind”, webpage, available at [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism_en).

strategies and are explicitly referenced in 38 percent of countries' Nationally Determined Contributions (NDCs).<sup>91</sup>

The **UN Working Group on Business and Human Rights** states as a first goal for the next decade of the UNGPs to “[m]ake business respect for human rights a core element of just transition and sustainable development strategies.”<sup>92</sup>

## Governments

In addition to driving legislative agendas (further described below), many governments are leading just transition initiatives.

Examples include:

- The **Scottish government** established the first Just Transition Commission in 2018. The Commission was tasked with providing practical independent advice on maximising the economic and social benefits of decarbonising Scotland, while managing the risks and challenges.<sup>93</sup> The first Commission made several recommendations to Government, including the establishment of a Ministerial Just Transition post.<sup>94</sup> A second Just Transition Commission was convened in early 2022, with the remit to provide scrutiny and advice on the Scottish Government's sectoral and regional just transition plans. They have published an initial report setting out their strategic priorities.<sup>95</sup>
- **South Africa's government** (through its Presidential Climate Change Commission) issued a Just Transition Framework in August 2022, where it established a common vision for an equitable, zero-carbon economy and identified key policy areas and principles to achieve it.<sup>96</sup> “The just transition framework is positioned at the nexus of climate and development issues in South Africa.” It identifies key principles to drive the transition, and its key risk sectors, among which is the agricultural sector.

More recently, South Africa has published its Just Transition Investment Plan for the next five years (2023 – 2027), as fruit of its partnership with the governments of France, Germany, United Kingdom (UK), United States (US), and the European Union (EU) who vowed to

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<sup>91</sup> United Nations Development Programme “How Just Transition Can Help Deliver the Paris Agreement” (November 2022), available at <https://www.undp.org/publications/how-just-transition-can-help-deliver-paris-agreement>.

<sup>92</sup> United Nations Working Group on Business and Human Rights “Raising the Ambition – Increasing the Pace: UNGPs 10+: A Roadmap for the Next Decade of Business and Human Rights” (2021), at i, available at [https://www.ohchr.org/sites/default/files/documents/issues/business/ungps10/2022-11-08/UNGPS\\_ROADMAPPLUS10\\_EN.pdf](https://www.ohchr.org/sites/default/files/documents/issues/business/ungps10/2022-11-08/UNGPS_ROADMAPPLUS10_EN.pdf).

<sup>93</sup> Scottish Government, “Just Transition Commission”, webpage, available at <https://www.webarchive.org.uk/wayback/archive/2021011123819/https://www.gov.scot/groups/just-transition-commission>.

<sup>94</sup> Just Transition Commission, “A national mission for a fairer, greener Scotland” (2021), available at <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2021/03/transition-commission-national-mission-fairer-greener-scotland/documents/transition-commission-national-mission-fairer-greener-scotland/transition-commission-national-mission-fairer-greener-scotland/govscot%3Adocument/transition-commission-national-mission-fairer-greener-scotland.pdf>.

<sup>95</sup> 2nd Just Transition Commission “Making the Future – Initial Report of the 2nd Just Transition Commission” (2022), available at <https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2022/07/making-future-initial-report-2nd-transition-commission/documents/making-future-initial-report-2nd-transition-commission/making-future-initial-report-2nd-transition-commission/govscot%3Adocument/making-future-initial-report-2nd-transition-commission.pdf>.

<sup>96</sup> South Africa Presidential Climate Change Commission, “A Framework for a Just Transition in South Africa” (2022), available at <https://pcccommissionflow.imgix.net/uploads/images/A-Just-Transition-Framework-for-South-Africa-2022.pdf>.

invest in the South African just transition during COP26.<sup>97</sup> Through this plan, the South African government will finance infrastructure changes, re-skilling and skilling of workers, economic diversification and social inclusion.<sup>98</sup>

- After conducting a Just Transition Engagement consultation with labour and non-governmental organizations, industry, and provincial governments and Indigenous populations, **the Canadian government** has introduced its first Sustainable Jobs Plan to ensure that Canadian workers will continue to participate in the sustainable economy. The plan introduces the Sustainable Jobs Secretariat and the Sustainable Jobs Partnership Council, establishes mechanisms to gather data on industries and workers, and implements skilling and re-skilling programs in targeted industries and regions.<sup>99</sup>
- Because its economy was predominantly coal-powered, the **Philippines** was one of the first countries in Asia to enact legislation on the transition to renewable energy in 2008. In 2009, they adopted a separate **Climate Change Act** in which climate justice and the adoption of mitigation and adaptation measures were included. Most recently, since 2016, the Philippines government **partnered with the ILO** to leverage the process of transition to a sustainable economy and the creation of sustainable jobs in the country.<sup>100</sup>
- The **Welsh Government** is holding a public consultation until March 2023 to seek public input to “inform the development of Wales’ decarbonisation pathway to Net Zero” and the development of a **Just Transition Framework for Wales**.<sup>101</sup> Additionally, The Wales Centre for Public Policy (WCPP) has been undertaking research and consultations with experts and stakeholders to determine what the implementation of a just transition might look like in Wales.<sup>102</sup> The Welsh Government also established a Future Generations Commissioner, whose role is to be the guardian of future generations.<sup>103</sup> This role was established by the Well-being of Future Generations (Wales) Act 2015, which also “requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change.”<sup>104</sup>

## Legislators

Laws are being adopted at rapid pace, aimed at driving necessary environmental transformations in ways that include people and human rights.

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<sup>97</sup> UN Climate Change Conference UK 2021, “Political Declaration on the Just Energy Transition in South African” (2021), available at <https://ukcop26.org/political-declaration-on-the-just-energy-transition-in-south-africa>.

<sup>98</sup> European Commission, “Joint Statement: South Africa Just Energy Transition Investment Plan” (November 2022), available at [https://ec.europa.eu/commission/presscorner/detail/en/statement\\_22\\_6664](https://ec.europa.eu/commission/presscorner/detail/en/statement_22_6664).

<sup>99</sup> Government of Canada, “Sustainable Jobs Plan”, available at <https://www.canada.ca/en/services/jobs/training/initiatives/sustainable-jobs/plan.html>.

<sup>100</sup> Rosa Luxemburg Stiftung, Centre for Energy, Ecology and Development, “Just Transition in the Philippines (Executive Summary)”, available at <https://ceedphilippines.com/wp-content/uploads/2020/03/JT-Study-Executive-Summary.pdf>.

<sup>101</sup> Welsh Government, “Just Transition to Net Zero Wales”, webpage, available at <https://www.gov.wales/just-transition-net-zero-wales>.

<sup>102</sup> Wales Centre for Public Policy, “Towards a just transition in Wales”, webpage, available at <https://www.wcpp.org.uk/project/towards-a-just-transition-in-wales>.

<sup>103</sup> Future Generations Commissioner, website homepage, available at <https://www.futuregenerations.wales>.

<sup>104</sup> Future Generations Commissioner, “Well-being of Future Generations (Wales) Act 2015”, webpage, available at <https://www.futuregenerations.wales/about-us/future-generations-act>. See also Well-being of Future Generations (Wales) Act 2015 (anaw 2), available at <https://www.futuregenerations.wales/wp-content/uploads/2017/01/WFGAct-English.pdf>.

Under **the Green Deal** umbrella, whereby the EU sets out to achieve climate neutrality and deliver on the Paris Agreement by 2050 through just transition (“leaving no one behind”), the EU has among many other initiatives:

- Adopted an EU Climate law obliging member states to reduce total EU emissions by at least 55% by 2030. To this end, the EU Commission has presented **The Fit for 55 package**, an ambitious legislative package aimed at reducing net GHG emissions in line with that legal obligation and in ways that “ensures a just and socially fair transition.”<sup>105</sup> Proposed legislations will impact different business sectors in different ways. Examples of relevance to the FMCG-sector include: (i) the revision of the land use and forestry regulation, which will increase the amounts of CO<sub>2</sub> emitted from land use that member states will be required to remove from the atmosphere compared to existing targets; and (ii) the carbon border adjustment mechanism, aimed at countering carbon leakage from industries with high GHG emissions (including fertilizer production) outside the EU.
- Adopted a **“Farm to fork”** strategy, which aims at shifting current EU food systems toward a sustainable model that ensures “food security and safety, sufficient, affordable and nutritious food within planetary limits, supports sustainable food production and promotes more sustainable food consumption and healthy diets”<sup>106</sup> and which includes a Common agricultural policy for 2023-2027.<sup>107</sup>
- Adopted and are negotiating **legislation and regulation directly applicable to companies’ way of conducting business** with respect for human rights while also making necessary reductions in GHG emissions and avoiding environmental impacts.

The anticipated **EU Corporate Sustainability Due Diligence Directive** is a notable example of this, which is likely to require companies to (i) adopt business strategies aligned with the Paris Agreement, and (ii) conduct environmental and human rights due diligence using processes building on those set out in the UNGPs.

Another example of relevance to the FMCG-sector is the recently adopted **EU Regulation on deforestation-free supply chains**; aimed at ensuring that a number of goods placed on the EU market will no longer contribute to deforestation and forest degradation in the EU and elsewhere in the world. Given that the EU is the world’s largest market, the regulation is said to significantly halt deforestation and forest degradation globally; which is in itself important for the enjoyment of human rights. In addition, the regulation contains due diligence requirements of companies in scope containing human rights elements.<sup>108</sup>

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<sup>105</sup> Council of the European Union, “Fit for 55”, webpage, available at <https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55-the-eu-plan-for-a-green-transition>.

<sup>106</sup> Council of the European Union, “From farm to fork”, webpage, available at <https://www.consilium.europa.eu/en/policies/from-farm-to-fork>.

<sup>107</sup> Council of the European Union, “Common agricultural policy 2023-2027”, webpage, available at <https://www.consilium.europa.eu/en/policies/cap-introduction/cap-future-2020-common-agricultural-policy-2023-2027>.

<sup>108</sup> European Commission “Green Deal: EU agrees law to fight global deforestation and forest degradation driven by EU production and consumption” (December 2022), available at [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_7444](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7444).

**The US Inflation Reduction Act** seeks to reduce US carbon emissions by approximately 40% by 2030 while also improving the livelihood for and reducing poverty in the US; as well as increasing access to health care by lowering medication costs.<sup>109</sup>

## Courts

The use of human rights in climate change litigation is on the rise – including specifically just transition court cases. A recent study, published in March 2022, uses data from the world’s largest climate litigation databases to identify 112 climate ‘cases’ – including judicial and non-judicial complaints – that rely in whole or in part on human rights.<sup>110</sup> The authors distinguish two categories of rights-based litigation in the climate emergency:

1. **Rights-based climate litigation.** An increasing number of states (and more recently companies) are being sued for **alleged failure to limit their climate emissions** in line with the Paris Agreement. One main example includes the court order against Shell to cut its carbon emissions by 45% by 2030, among other things based on the company’s obligation to respect human rights in line with the UNGPs.<sup>111</sup> Defendants of this kind of litigation have traditionally been states and public authorities, since states are the primary duty-bearers under human rights law. But there is a small but quickly growing number of cases targeting corporations. These cases might be brought on the basis of substantive corporate duties – for example, a positive duty to reduce emissions or to support climate policies, or a negative duty to refrain from causing harm). Or they might rely on procedural duties, for example claiming insufficient disclosure of emissions, or failure to consult affected communities.
2. **Just Transition litigation.** This kind of litigation objects not to climate action itself, but to the way in which it is carried out and its impact on human rights. Companies are increasingly being sued for various kinds of **alleged failure to take a rights-based approach to climate and environmental efforts**. Some cases allege breaches of human rights to culture, food, water and the rights of Indigenous Peoples, while others allege breaches of the right of access to justice. The authors of the March 2022 research underscore that “[w]hile fossil fuel-based economies have created winners and losers, changing the *status quo* entails striking new equilibria between competing societal interests. In this connection, the notion of a ‘just transition’ has been invoked to highlight that the benefits of decarbonisation should be shared, and that those who stand to lose should be supported.”<sup>112</sup>

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<sup>109</sup> Public Law 117-169-Aug 16 2022, available at <https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf>.

<sup>110</sup> Annalisa Savaresi and Joana Setzer, “Rights-based litigation in the climate emergency: mapping the landscape and new knowledge frontiers” (March 2022) *Journal of Human Rights and the Environment*, available at <https://www.elgaronline.com/view/journals/jhre/13/1/article-p7.xml?rskey=dYyOOQ&result=2>. See also the authors’ summary “Mapping the whole of the moon: The rich landscape of rights-based litigation in the climate emergency” (March 2022), available at <https://gnhre.org/2022/03/mapping-the-whole-of-the-moon-the-rich-landscape-of-rights-based-litigation-in-the-climate-emergency>.

<sup>111</sup> Climate Case Chart, *Milieudefensie et al, v Royal Dutch Shell plc*, available at <http://climatecasechart.com/non-us-case/milieudefensie-et-al-v-royal-dutch-shell-plc>.

<sup>112</sup> See the authors’ summary of their article in Annalisa Savaresi and Joana Setzer, “Mapping the whole of the moon: The rich landscape of rights-based litigation in the climate emergency” (March 2022), available at <https://gnhre.org/2022/03/mapping-the-whole-of-the-moon-the-rich-landscape-of-rights-based-litigation-in-the-climate-emergency>.

Further research, published in January 2023,<sup>113</sup> identifies 20 cases based on the concept of just transition in Latin American countries.<sup>114</sup> The authors note a distinct uptick in cases over the past few years, with just transition cases more than doubling in Latin America in the last three years.

The authors also identify that, on the whole, these plaintiffs are **pro-climate justice, not anti-energy**. That means this litigation is not a threat to decarbonization. Rather, “ensuring that there is adequate participation of all stakeholders affected in the energy transition – among other substantive and procedural requirements depending on the jurisdiction – are essential to avoiding litigation and further delays to national decarbonization.”<sup>115</sup>

2023 is set to be a “watershed year for climate litigation”, with several new cases and court decisions coming down the pipeline this year, including many involving the private sector’s links to climate change and related human rights impacts.<sup>116</sup> For example:

- The U.S. Supreme Court has been asked to settle the question of which courts can hear climate litigation against companies, potentially opening the door for more cases to be filed.
- Courts in Australia have recently decided several cases blocking local fossil fuel projects and are set to hear others, while courts in Germany and France are hearing cases against home-state corporations for climate impacts abroad.
- The Brazilian national development bank is under examination by Brazilian courts, in what Kaminski calls “the first case of its kind [which could also have] significant repercussions on wider climate finance.” Kaminski also predicts that “[t]he financial sector, in particular, is likely to be a big target, and there will be continuing waves of related litigation targeting plastics and biodiversity loss.”
- At the same time, 2023 will see a number of cases brought by residents against their own governments for failure to set or meet greenhouse gas emissions goals, continued investment in fossil fuels, climate-caused catastrophes and impacts to health driven by heat, water scarcity and other environmental concerns.

Many cases so far involve companies in the energy sector, but their outcomes will likely have implications more widely, including for companies in the FMCG sector.

## Investors

Just transition is rapidly growing in importance for investors as well. A 2020 ‘Statement of Investor Commitment to Support a Just Transition on Climate Change’ was endorsed by 161 investors,

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<sup>113</sup> Maria Antonia Tigre, Lorena Zenteno, Marlies Hesselman, Natalia Urzola, Pedro Cisterna-Gaete, and Riccardo Luporini, “Just Transition Litigation in Latin America: An initial categorization of climate litigation cases amid the energy transition” (January 2023), Sabin Center for Climate Change Law, available at [https://scholarship.law.columbia.edu/cgi/viewcontent.cgi?article=1198&context=sabin\\_climate\\_change](https://scholarship.law.columbia.edu/cgi/viewcontent.cgi?article=1198&context=sabin_climate_change).

<sup>114</sup> These cases relate to four categories of projects within the energy sector: decommissioning of existing fossil fuel projects (2 cases), mining or infrastructure for transition minerals like lithium (4 cases), new technologies in renewable energy (10 cases), and subsidies for fossil fuel projects (1 case).

<sup>115</sup> At vii.

<sup>116</sup> Isabella Kaminski “Why 2023 will be a watershed year for climate litigation” (4 January 2023), The Guardian, available at <https://www.theguardian.com/environment/2023/jan/04/why-2023-will-be-a-watershed-year-for-climate-litigation>. See also and London School of Economics and Political Science (LSE) and the Grantham Research Institute on Climate Change and the Environment, “A first global mapping of rights-based climate litigation reveals a need to explore just transition cases in more depth” (March 2022), available at <https://www.lse.ac.uk/granthaminstitute/news/a-first-global-mapping-of-rights-based-climate-litigation-reveals-a-need-to-explore-just-transition-cases-in-more-depth>.

representing US \$10.2 trillion in assets.<sup>117</sup> In 2022, long-term institutional investors representing nearly US\$4.3 trillion in assets published a “Statement of Investor Expectations for Job Standards & Community Impacts in the Just Transition.”<sup>118</sup>

The Impact Investment Institute in the United Kingdom recently launched the “Just Transition Finance Challenge” to mobilise finance to the just transition in the UK and other countries. The challenge has convened around 20 public and private founding asset owners and managers with the assistance of Deloitte to develop a set of criteria to underpin a new Just Transition label for investment products. For now, they agree that just transition investments must be based on three key pillars: (i) advancing climate and environmental action; (ii) improving socio-economic distribution and equity and (iii) increasing community voice.<sup>119</sup> In the UK, more than 40 banks and investors have also congregated with experts and LSE’s Grantham Institute in the Financing a Just Transition Alliance to identify what is needed from the financial sector to finance the just transition in the United Kingdom.<sup>120</sup>

Companies are facing increased scrutiny and **probing question from investors** who are considering a company’s track record on just transition when making investment decisions. Part of this increased scrutiny has been informed by the **World Benchmarking Alliance’s** first just transition benchmark, an assessment of how companies are integrating social elements into their transition to a low-carbon future. The result, based on an assessment of 180 companies across different sectors concluded, among other things, that the vast majority of high-emitting companies are failing to demonstrate efforts towards a just transition.<sup>121</sup>

## Business sectors and industries

At COP27, the just transition received considerable attention from the business community, with numerous events and presentations, and pavilions addressing just transition. There is also a growing number of multi-stakeholder and sector-specific initiatives which discuss the business expectations in the design and implementation of just transition programs across industries, beyond coal and energy sectors.

Existing initiatives are collaborating on designing a just transition in shipping, through The **Maritime Just Transition Task Force** led by UN Global Compact;<sup>122</sup> in banking, through the

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<sup>117</sup>Principles for Responsible Investment (PRI), “Statement of Investor Commitment to Support a Just Transition on Climate Change”, available at <https://www.unpri.org/download?ac=10382>. More details can be found at Principles for Responsible Investment (PRI), “Climate change and the just transition: a guide for investor action” (December 2018), website, available at <https://www.unpri.org/research/climate-change-and-the-just-transition-a-guide-for-investor-action/3202.article>.

<sup>118</sup> Interfaith Center of Corporate Responsibility (ICCR), “Statement of Investor Expectations for Job Standards & Community Impacts in the Just Transition” (Last updated February 2022), available at [https://www.iccr.org/sites/default/files/resources\\_attachments/investor\\_statement\\_on\\_job\\_standards\\_community\\_impacts\\_final\\_2.23.22.pdf](https://www.iccr.org/sites/default/files/resources_attachments/investor_statement_on_job_standards_community_impacts_final_2.23.22.pdf).

<sup>119</sup> Impact Investing Institute, “Just Transition Finance Challenge”, webpage, available at <https://www.impactinvest.org.uk/project/just-transition-finance-challenge>.

<sup>120</sup> Grantham Institute on Climate Change and the Environment, “Just Zero: 2021 report of the UK Financing a Just Transition Alliance” (2021), available at <https://www.lse.ac.uk/granthaminstitute/publication/just-zero-2021-report-of-the-uk-financing-a-just-transition-alliance>.

<sup>121</sup> World Benchmarking Alliance (WBA), “Just transition”, webpage, available at <https://www.worldbenchmarkingalliance.org/just-transition>.

<sup>122</sup> United Nations Global Compact, “Maritime Just Transition Task Force”, available at <https://unglobalcompact.org/take-action/think-labs/just-transition/about>. Both the report and 10-point action plan referred to below are available from this webpage.

**Banking in a Just Transition**<sup>123</sup> research project; in the cobalt sector, through the **Cobalt Institute's Cobalt Environment, Human Rights and Just Transition Learning Group** (Cobalt Learning Group);<sup>124</sup> in agriculture through the **Just Rural Transition initiative**;<sup>125</sup> and, in the energy sector, through the **Energy for a Just Transition** collaboration<sup>126</sup> and the **International Community for Local Smart Grids**<sup>127</sup> (among others).

Beyond sectoral engagement, **Think Lab on Just Transition**, an initiative led by the United Nations Global Compact,<sup>128</sup> is delving into what it means for companies in different sectors to implement a just transition, of which Nestlé and Unilever are members of. And the Just Transition Centre, hosted by the ITUC has been bringing workers and businesses together to discuss what a just transition entails since 2016.<sup>129</sup>

## Workers, trade unions and communities and civil society

Trade union, civil society, and community groups are at the heart of a number of just transition initiatives. We noted earlier that just transition originated in the 1970-90s within trade unions,<sup>130</sup> who continue to play an active role today. For instance:

- The **Just Transition Centre**, established by the International Trade Union Confederation (ITUC) and its partners, has been bringing workers and businesses together to discuss a just transition since 2016.<sup>131</sup> Among other actions, the Centre documents best practice in social dialogue processes and supports communities, companies and governments in starting and maintaining social dialogue processes, with participation from investors and experts.
- The ITUC, LO Norway, and IndustriALL Global Union have also recently launched the **Just Transition and the Energy Sector initiative**.<sup>132</sup>

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<sup>123</sup> Grantham Institute on Climate Change and the Environment, "Banking on a Just Transition: Research Project", available at <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2019/07/banking-just-transition-flyer-FINAL.pdf>.

<sup>124</sup> Cobalt Institute, speech by Susannah McLaren, Head of Responsible Sourcing & Sustainability, "Green, Equitable and Just Transition: Cobalt's Role in Transitioning to a Net Zero World in a Rights-Respectful Manner" (2022), available at <https://www.cobaltinstitute.org/news/green-equitable-and-just-transition-cobalts-role-in-transitioning-to-a-net-zero-world-in-a-rights-respectful-manner>.

<sup>125</sup> Just Rural Transition, website home page, available at <https://justruraltransition.org>.

<sup>126</sup> BSR, "Collaborative Initiatives: Energy for a Just Transition", available at <https://www.bsr.org/en/collaboration/groups/energy-for-a-just-transition-collaboration>.

<sup>127</sup> SSE, "New global smart grid partnership launched to unlock local solutions to climate change" (27 October 2021), available at <https://www.sse.com/news-and-views/2021/10/new-global-smart-grid-partnership-launched-to-unlock-local-solutions-to-climate-change>.

<sup>128</sup> United Nations Global Compact, "Think Lab: Just Transition", available at <https://unglobalcompact.org/take-action/think-labs/just-transition>.

<sup>129</sup> International Trade Union Confederation (ITUC), "Just Transition Centre", webpage, available at <https://www.ituc-csi.org/just-transition-centre>.

<sup>130</sup> This paragraph draws from the United Nations Research Institute for Social Development (UNRISD), "Mapping Just Transition(s) to a Low-Carbon World" Just Transition Research Collaborative" (2018), available at <https://www.unrisd.org/en/library/publications/mapping-just-transitions-to-a-low-carbon-world>; Wilton Park and Institute for Human Rights and Business Report "Just Transitions Dialogue: Exploring the Need for International Rules Based on Local Realities" (October 2022), available at <https://www.wiltonpark.org.uk/wp-content/uploads/2022/04/WP3012-Report.pdf>; and Halina Ward for Institute for Human Rights and Business "Just Transitions for All: Business, Human Rights, and Climate Action" (2020), available at <https://www.ihrb.org/focus-areas/just-transitions/report-just-transitions-for-all>.

<sup>131</sup> International Trade Union Confederation (ITUC), "Just Transition Centre", webpage, available at <https://www.ituc-csi.org/just-transition-centre>.

<sup>132</sup> International Trade Union Confederation (ITUC), "Just Transition and The Energy Sector: 2022 roundup" (2022), available at [https://admin.industriall-union.org/sites/default/files/uploads/images/FutureOfWork/JustTransition/v7\\_final\\_report.pdf](https://admin.industriall-union.org/sites/default/files/uploads/images/FutureOfWork/JustTransition/v7_final_report.pdf).

Various multi-stakeholder initiatives are also being formed around just transition. For instance:

- The **Just Rural Transition** initiative brings together food producers, governments, businesses, investors, civil society, rural and indigenous peoples to find and lead equitable solutions to food systems challenges.<sup>133</sup> It was launched at the 2019 UN Climate Action Summit to support and amplify innovative and ambitious policies, investments, and multi-stakeholder solutions that deliver positive outcomes for people, planet, and economies.
- The **Think Lab on Just Transition** is delving into what it means for companies in different sectors to implement a just transition.<sup>134</sup> This initiative is led by the United Nations Global Compact, with support of the ILO and the ITUC.
- The **Maritime Just Transition Task Force** is co-creating a just transition strategy for the shipping sector that has seafarers at the centre.<sup>135</sup> This is a sector-specific initiative by the UN Global Compact, set up during COP26 in Glasgow by 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).

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<sup>133</sup> Just Rural Transition, website home page, available at <https://justruraltransition.org>.

<sup>134</sup> United Nations Global Compact, "Think Lab: Just Transition", available at <https://unglobalcompact.org/take-action/think-labs/just-transition>.

<sup>135</sup> United Nations Global Compact, "Maritime Just Transition Task Force", available at <https://unglobalcompact.org/take-action/think-labs/just-transition/about>. Both the report and 10-point action plan referred to below are available from this webpage.

## PART 4: DESKTOP REVIEW OF AIM-PROGRESS MEMBERS AND THE JUST TRANSITION

This part provides the results of the desktop review of what companies are saying publicly on the interconnections between climate, the environment and human rights, and just transition. The review shows that a growing number of member companies are speaking about the interconnections between climate, the environment and human rights, and some of these companies are starting to speak publicly about the just transition. They are starting to incorporate references to the interconnections and just transition into their public materials, and with time, starting to update their policies and strategies.

The findings of the desktop review are discussed in full in [Annex B](#). We briefly summarise the key findings below.

### References to just transition

This desktop review began with a word search of 'transition', 'just transition' and 'equitable transition' in all member companies' websites as well as their latest sustainability or ESG reports. The key findings are that:

- The word 'transition' is widespread, in the context of companies' climate action plans and elsewhere.
- The terms 'just transition' or 'equitable transition' are less common, although several companies are beginning to publicly communicate using these terms in their websites or reports.
- Nestlé uses the term extensively in the public domain, while PepsiCo, and Associated British Foods (ABF) include references in the context of a discussion on climate action. There are also public references by other companies, including Kimberly Clark, Unilever, and Diageo.

### References to the inter-connections between environment, climate and human rights

A number of member companies are referencing the interconnections between environment, climate and human rights. In a deeper study of a select number of AIM-Progress member companies, numerous examples were identified of companies referencing the interconnections and emphasising the need for an integrated approach. These examples were found in companies':

- Webpages and CEO statements.
- Human rights policies or climate policies.
- Climate and environmental position statements.

### Human rights policies

Some companies reference environmental-related human rights issues in their human rights policies and commitments. This means the company is explicitly incorporating within its

commitment to respect human rights the ways in which environmental impacts can flow into human rights impacts.

Ferrero's human rights policy includes "environmental related Human Rights Issues" as one of its priority areas. The policy states: "We recognise that a safe, clean and sustainable environment is integral to the full enjoyment of human rights. Protecting the environment is therefore fundamental to protecting and respecting human rights. We aim to protect the ecosystem, promote the respect of land use, land rights and traditional culture and livelihood of local communities."<sup>136</sup> Similar statements are made in the supplier code, which adds: "Suppliers shall demonstrate practices to protect the natural environment and ecosystem as the basis to protect land rights, traditional culture and livelihood of local communities."<sup>137</sup>

## Climate and environmental position statements

Other companies reference the interconnections in their climate statements. Mars' Climate Action Position Statement remarks: "Climate change is also intrinsically linked with Mars' other sustainability priorities. It will impact water scarcity, while land use choices can either drive or mitigate climate change. The strategic approaches we choose to address climate change in our value chain have implications for human rights and the incomes of farmers who grow the materials we source."<sup>138</sup>

Mars also comments on the interconnections in other position statements:

- In its Land Use Position Statement: "Land use change is a major driver of deforestation and climate change, while agricultural irrigation and fertilizer applications to improve crop yields also has implications for water usage and quality. Land ownership and usage have implications for human rights and farmer incomes."<sup>139</sup>
- In its Water Stewardship Position Statement: "Climate change will impact water scarcity, while agricultural irrigation affects land use through its impact on crop yields. The availability of safe water and sanitation is a major issue facing humanity, and those with low incomes face increased water-related risks."<sup>140</sup>

## Inter-connections in strategies.

Some companies are also looking into how to capture the interconnections in their strategies, by breaking down the often-siloed approach to workstreams connected to 'people' and 'planet'. The strategies of Nestlé and PepsiCo are discussed in Annex B as two examples, based on their publicly reported information. Through the interview process, we heard that a number of other companies are also starting to consider, or have firmly advanced on, revisiting their strategies so

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<sup>136</sup> Ferrero, "Human Rights Policy Statement", available at <https://s3-eu-west-1.amazonaws.com/ferrero-static-qa/globalcms/documenti/2751.pdf>.

<sup>137</sup> Ferrero, "Supplier Code", available at <https://s3-eu-west-1.amazonaws.com/ferrero-static-qa/globalcms/documenti/2755.pdf>.

<sup>138</sup> Mars, "Climate Action Position Statement", available at [https://lhcdn.mars.com/adaptivemedia/rendition/id\\_af9a4d9b3c91da2364429f0de6753c80c25a7a7a/name\\_out/POLICY\\_%20Our%20Climate%20Action%20Position%20Statement.pdf](https://lhcdn.mars.com/adaptivemedia/rendition/id_af9a4d9b3c91da2364429f0de6753c80c25a7a7a/name_out/POLICY_%20Our%20Climate%20Action%20Position%20Statement.pdf).

<sup>139</sup> Mars, "Land Use Position Statement", available at [https://lhcdn.mars.com/adaptivemedia/rendition/id\\_3a196d790b3286ffbeecfd2c269f1c2697bbf01/name\\_out/Land%20Use%20Position%20Paper.pdf](https://lhcdn.mars.com/adaptivemedia/rendition/id_3a196d790b3286ffbeecfd2c269f1c2697bbf01/name_out/Land%20Use%20Position%20Paper.pdf).

<sup>140</sup> Mars, "Water Stewardship Position Statement", available at <https://www.mars.com/about/policies-and-practices/water-stewardship>.

that they further consider the inter-connections in their work ahead. This is further discussed in our next Part, which delves into the qualitative part of the study. i.e., the interviews.

## PART 5: FMCG COMPANY PERSPECTIVES ON THE JUST TRANSITION

This part summarises the findings from the interviews with the AIM-Progress members. These findings are also informed by the insights shared with us as part of the external expert interviews.

These reflections can be grouped into four overarching themes, with eleven reflections underneath these themes.

<b>Theme 1: Why the just transition matters</b>	Reflection #1: Growing awareness of the importance of the concept of just transition for FMCG companies
<b>Theme 2: What the just transition means</b>	Reflection #1: Challenges with the term's novelty and political connotations
	Reflection #2: Consensus on the core essence of just transition
<b>Theme 3: How to make progress on the just transition in the FMCG sector</b>	Reflection #1: The need to clarify which transitions are in scope, and what just transition means for those transitions
	Reflection #2: The need to place the farmer at the core, while needing to capture other people who will be impacted across the FMCG value chain
	Reflection #3: Unlocking progress by applying a temporal lens to evaluate the risks to people connected to the climate and environment
	Reflection #4: Applying the UN Guiding Principles to the risks and impacts created in the transitions
<b>Theme 4: How to advance on just transition in practice within companies</b>	Reflection #1: The need to break down silos and take a holistic approach to the risks and impacts created in the transition
	Reflection #2: Changes to company human rights/ climate/ environmental strategies are starting, and will accelerate with time
	Reflection #3: Starting with specific areas where the just transition applies to move forward
	Reflection #4: Responsible disengagement as a key area of importance as the transition accelerates

## Theme 1: Why the just transition matters

### Reflection #1: Growing awareness of the importance of the concept of just transition for FMCG companies

There was a strong sense from the respondents that the inter-connections between climate, the environment and human rights were going to increase with time, and therefore so too the relevance of the term just transition. Interviewees predicted that emerging policy discussion and new regulation would help raise the issue to the executive level, not least by bringing it within the scope of the legal team.

Respondents observed that given the prominence of the term at the international level, the term was emerging as increasingly helpful within companies to help frame up the inter-connections between the climate, the environment and human rights.

The reasons described during the interviews for needing to pay attention to this topic differed, ranging from:

- Growth in legislation that is seeking to push companies to consider the inter-connections between climate, the environment and human rights;
- Growth in lawsuits and litigation applying a rights-based approach to climate and the environment;
- Growth in investor questions to look at these areas together;
- Inclusion within a company's responsibility to respect human rights and a company's commitment to respect human rights;
- Needing to prevent harm to people and live in alignment with company values; and
- Ensuring that the transition in the agricultural sector happens quickly but also in a way that is just and equitable, and brings people along;
- Ensuring that the transition in the the agricultural sector can actually happen, since push back from stakeholders on the ground will delay or jeopardize it.

All respondents observed that they will be placing a growing emphasis on the inter-connections between climate, the environment and human rights moving forward. The majority said that they will be using the framing of just transition moving forward. Others noted that they were open to using other terms or framing narratives. Some observed that the terminology can be confusing, and bring to mind international politics or the energy sector (see our next reflection detailed below on this point). What ultimately mattered for respondents was finding ways to connect the dots between human rights, climate and environmental work, and using terms that resonated internally to make that happen. A particular area of priority was to support the understanding of the inter-connections at senior levels, to ensure the necessary allocation of funding and internal resources.

"As head of sustainability, I am using the term increasingly with people who have a say and can influence these discussions internally. I'm seeing the term grow in its reach."

"It's clear that this is the direction of travel for companies – we are already seeing human rights legislation seek to cover environmental aspects as well. So in addition to seeking to prevent harm to people, there are legal reasons for looking at this."

"Yes, this is about human rights risk – but also business risk. We only have five farming cycles left before we have dilapidated the land."

"Once you get senior levels involved, things can happen very quickly. So it's about helping senior levels get it."

"This is about the cost of inaction – what will happen if we continue to ignore this, even if the legislative and customer drivers are just starting."

"People within the company won't know what 'just transition' means – we need the Board level to be challenged on it. The legal team is focused on upcoming legislation, but may not yet see the inter-connections in there. Customers are looking at ESG. We need more pressure from all quarters to call us out on this topic."

"All of these topics are inter-connected: climate change, biodiversity, etc. We are moving toward adopting a nature-based way to water and agriculture. The success of the project relies entirely on people. People are the essential success factor to the transition, so the transition has to be just to work."

## Theme 2: What the just transition means

### Reflection #1: Challenges with the term's novelty and political connotations

A large number of respondents expressed challenges around the novelty and political connotations of the term just transition. They observed that a number of companies were only just starting to hear about this term, as a narrative which might hold relevance for them. The relevance of the term had increased significantly since Glasgow (COP26), and in particular since Sharm el Sheikh (COP27).

A large number of respondents highlighted that the understanding of the concept of just transition in the company was limited to the specialist teams (in particular, human rights and sustainability, and at times, the climate team). They said that they saw it as their role to raise these conversations internally. However, a number caveated that they saw this as a challenge given the current low awareness throughout the company, and in particular in the senior leadership team, as well as some confusion on what the term means. In contrast, some respondents commented on how embedded the term was starting to become in the company, and how well understood it was internally.

Respondents also described a concern of signing up to something that they had not fully understood within the company. They observed that they knew that the term had a very specific meaning to a large number of external groups (in particular, from the trade union movement, as well as within government and civil society). There was concern that they would 'get it wrong' when engaging with the term.

A related concern was whether there were many different interpretations of just transition, which in turn would lead the company to foray into a sensitive topic that companies felt ill-equipped to handle. Respondents observed that their companies were eager to start to explore the rights implications of the transition, without necessarily wishing to enter into a debate that could be viewed as political.

There was a general sense that there were two developments happening in parallel: the political discussions happening at a high level, and then the actual company practice. There were 'lost in translation' moments between these two developments; in other words, respondents felt that there was not a strong connection between what was being discussed at international political and expert levels, and what was happening in companies.

"I would say that 99.9% of the people at my company don't know what 'just transition' means – it's a case of waiting for people like me to bring it to the forefront."

"We do not have a company position on just transition, but we have started conversations on the just transition and climate justice."

"We are talking about the term here, but the term lacks currency when working in emerging markets."

"We know it's really only a matter of time before the term takes off internally, since the inter-connections are growing stronger and stronger."

"The term is not used by our sustainability team, but it is understood."

"The term 'just transition' comes with baggage. It has resonance with energy companies, but not as much in our sector. We prefer to refer to an 'equitable transition', to avoid anchoring this in energy."

"Companies have a lot of rhetoric on regenerative agriculture. However, the principles of just transition are not well understood – they are not part of the rhetoric. There are gaps between governments and companies on this topic, where companies are not really recognising the term – they are only just getting going. Compare this with the EC Green Deal and the Farm to Fork Strategy – there's a huge gap."

"Just transition is a term that is very well understood within the company including at very senior levels – head of legal, head of compliance, etc."

"We all have different understandings of the term just transition within the company. The sustainable and environmental team's understanding – which is more climate-focused – will differ from the labour team's understanding – which is more about the loss of jobs from the use of automation. There is a connection between the two – since automation increasingly is a piece of climate strategy."

"There is some discomfort with the term at senior levels, it opens the door to a debate about the future of business and the role of trade unions within that. There will be push points and pain points, we need to lean into it to advance."

"Just transition is seen as very new and also very political. Many people internally are not sure whether it is relevant for them."

## Reflection #2: Consensus on the core essence of just transition

At the same time, all respondents aligned on the core foundations of the just transition: one of ensuring that people are front and centre of the changes ahead in the FMCG sector. Terms that were echoed across the interviews included 'equitable', 'fairness', 'placing people at the heart', 'keeping people at the centre' and 'humanity.'

The respondents focused first and foremost on farmers who are viewed at the heart of the just transition for the FMCG, and especially the agricultural value chain. All observed that it will be essential to include farmers and farming communities in future work as part of the just transition ahead.

"For me, this is about a transition to a green economy that is just and equitable, while remediating harm that has happened, and creating new opportunities for people."

"A just and equitable transition will mean looking at transformations and changing the levers of power."

"We are seeing more connectivity between areas than ever – water, climate, packaging – these can no longer be viewed side by side. This is about people's ability to be a part of climate justice, a part of regenerative agriculture. We have to lean into the inter-connections."

"This is about bringing a social lens to sustainable agriculture, and building the resilience of farmers."

"This is about creating viable farming communities for the future."

"This is about embedding the human rights agenda into our climate programmes."

"We are having discussions now on moving toward climate-friendly outcomes, and adopting new practices. We know that with some of these actions, there will be trade-offs for farmer income received."

"Where's the humanity in the changes ahead?"

"For us, the term just transition just makes sense: this is about prioritising regenerative food systems, and helping farmers through this. This helps us bring the two agendas together – social and environmental."

"Just transition is about the touchpoints between the two areas of climate and human rights. We need to formalise links for the decisions ahead. This needs to go from ad hoc to formal, so that rights become part of decision-making."

"The just transition is about bringing a rights lens to climate – simple as that."

## Theme 3: How to make progress on the just transition in the FMCG sector

### Reflection #1: The need to clarify which transitions are in scope, and what just transition means for those transitions

There was general agreement as part of the company interview process that we are looking ahead at the future greening of the FMCG sector, and the implications on people from the transitions needed to get there. When drilling down into what we are looking at more specifically, there were a number of distinctions in views amongst respondents. Which transitions are in scope for the just transition – what does the just transition capture precisely? The human rights implications of the transition to net zero? The human rights implications of the biodiversity and nature transition ahead? The transition away from ongoing human rights impacts in the sector? The transition of the work force more broadly – beyond the green transition?

Distinctions in the interview process can be summarised as follows:

- Some respondents focused primarily on the actions needed to transition to net zero; in other words, the focus lies in the actions that companies are taking to transition to net zero, and how these could impact people negatively.
- Others also spoke about the broader human rights implications of environmental impacts – and the need to capture these more broadly
- Some respondents also included within the term impacts that are already happening in the sector – irrespective of the transition, albeit these may be compounded by the transition. In this way, the concept includes both consideration of human rights impacts that are already occurring in the sector, as well as those that are starting to occur by virtue of the transition ahead.
- Some respondents observed that there were going to be a number of transitions for business ahead, and it was not going to be easy to always identify which ones were connected to the environmental transition, and which ones were connected to broader business strategy changes (e.g. mitigating risks of supply chain disruption, moving toward increased automation).

“What are the transitions that are likely to happen? How do we ensure equity as part of these transitions? This includes rectifying poverty from the past, and considering the role of the farmer in the future. How can farmers be more resilient, in a move to climate smart agriculture?”

“This is about the transition out of industrial agriculture into another form of climate-smart agriculture.

Our food system has been exploitative and not inclusive. This is about moving to a more mutual symbiotic relationship. This is about looking at the income spread across different segments of farmers; looking at land tenure rights of communities; looking at gender dimensions of agriculture. In short, we are transitioning from carbon-heavy to climate-smart, while transitioning from exploitative to equitable agriculture.”

“Our business is evolving – we are transitioning to new business models. All of these transitions will entail impacts on people – including resulting from the climate, but not only. So just transition can help us capture all of these transitions we are facing as a business. We are seeing trade unions use the term more broadly to capture impacts on the work force to be ready for the future of business.”

“An increase in agricultural yields should translate into income gains. We were part of a living wage study in one of our sourcing markets, and we found that farmers were still below the poverty line. This has to change.”

“We all need to work to define it better for the agricultural sector – and we know for sure it needs to be farmer-centric. This is different than transitioning from coal to wind turbine. This is about reforming how farming itself is done. There tends to be poor understanding of how the food sector is set up.”

“We are involved in restoration projects for degraded forests and eco-systems. We see a strong link here in terms of benefits of our climate actions: we are hoping that the environmental benefits from the restoration of landscapes will benefit communities.”

“Yes of course we can speak about the benefits of water and playing a role philanthropy-style, but let's not forget that this is linked back to our own use of water – our adverse impact on water.”

On this point related to definitions and determining what is in scope for the just transition, a strong concern from the external expert interviews was that the term just transition would be misused over time by corporates to lower the level of ambition captured within it.

There was particular sensitivity with companies using the term to re-brand their existing work. External experts emphasized that this would lose the necessary business model transformations grounded in strong social dialogue and the restoration of the imbalance of power between corporates and impacted stakeholders that are viewed as central to the just transition. There was also sensitivity with companies extending the term too widely, so as to lose its focus on green and sustainable transitions. In other words, define the term too narrowly and we risk missing the essence of just transition; and define it too loosely and we risk diluting it to render it meaningless.

The expert interviews emphasized the importance of building on existing definitions of the just transition (in particular, the reference points described above in Part 1), since these already benefit from tripartite discussions, negotiations and consensus. Any differing definitions come at the risk of splintering the field and delaying progress.

In practice for companies, this entails capturing all of the transitions that are needed to ensure a transition towards environmentally sustainable economies and societies for all, as set forth in the ILO Guidelines, and building on the existing reference points and work being undertaken on just transition.

The participants at the IHRB-Wilton Park Just Transitions Dialogue also underscored the risks associated with the misuse and misapplication of the term just transition.

“Broad uptake of the just transition concept is not only welcome but essential to managing the social disruption that is inevitable in such wide-scale systems changes. **But there is also a growing and serious risk that just transition language is increasingly misused and misapplied, intentionally and unintentionally, without sufficient clarity or accountability.** With social disruption now one of the greatest inhibitors to climate action, just transition-related messaging could be improperly used to delay and slow progress on fossil fuel phase out and other mitigation measures. Equally, there is a danger that the transformative potential of this concept could be lost entirely; that the “justice element” becomes little more than a box-ticking exercise, with different definitions depending on location, sector, and actor, or none at all. If ‘JT’ and ‘JETPs’ are to avoid going the way of ‘CSR’ and ‘ESG’, then it is urgent that some form of quality control over the ‘J’ element emerges soon.”<sup>141</sup>

## Reflection #2: The need to place the farmer at the core, while needing to capture other people who will be impacted across the FMCG value chain

Respondents observed that the stakeholder groups that typically come to mind when considering a just transition in the FMCG, and especially the agricultural value chain, are those that arise upstream, and in particular involving farmers, as well as women, communities and Indigenous peoples. At the same time, there was a perception that there were going to be other stakeholder groups that could be impacted as well, that were often missing from ongoing conversations. This was particularly true for the non-agricultural parts of FMCG value chains.

A number of respondents voiced concerns that we are likely overlooking other parts of the value chain that are also key for the FMCG sector. Other types of impacts referenced as needing to be considered included impacts on companies’ own workers in factories, impacts on people in the energy transition in light of the sector’s use of energy, and impacts on people in the transportation sector, in light of the sector’s use of transportation.

Respondents observed that a focus on other parts of the value chain tended to happen when an impact became newsworthy, or entailed a business risk. For instance, companies are seeing the need to focus on the risks of forced labour in the solar industry due to the high scrutiny in this area coupled with the U.S. Uyghur Forced Labor Prevention Act. Another area that tends to come to mind is the risks of displacement of communities from wind projects, due to litigation risks and

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<sup>141</sup> Wilton Park Report “Just Transitions Dialogue: Exploring the Need for International Rules Based on Local Realities” (October 2022), at: <https://www.wiltonpark.org.uk/wp-content/uploads/2022/04/WP3012-Report.pdf>

company benchmarks that highlight this topic. However, a holistic approach to human rights risks and impacts connected to the transition tends not to take place.

The whole value chain is transitioning, and there was a sense of needing to take a step back to see the transitions as a whole – before then being able to prioritise the risks and impacts within these transitions. In other words, companies are increasingly reflecting on the need to take a step back and think about stakeholders across their full value chain and how they might be impacted in the transitions to the green economy.

Although farmers are commonly viewed as the priority, this selection would be made based on the severity of the risks and impacts – and would include other groups too, such as community members, Indigenous communities, workers in own operations and supply chain workers.

We observe that there is a parallel here with discussions in the sector related to greenhouse gas emissions, with recent authoritative studies underscoring the need to extend beyond the farm to other areas of the agricultural value chain that emit greenhouse gases.<sup>142</sup>

“We see that the just transition is often discussed in the supply chain – but other parts of the value chain need to be included in the discussions as well. For instance, we know that workers in factories will need to be upskilled and re-skilled.”

“We applied the UN Guiding Principles on Business and Human Rights to our human rights work, facilitated by an external expert advisory firm. This helped us to understand the full array of risks we were dealing with, which then enabled us to focus. Once you understand your risks, taking this value chain approach, you can then decide on actions.”

“We need to be practical and pragmatic about what is needed, for all of the different sectors in this industry. I can think of construction – and how that impacts land rights – and the direct impacts of climate change on our own people, as other examples.”

“We have our own employees too, and there will also be transitions involved for them – upskilling, reskilling, etc. What can we learn from the energy sector in this regard?”

### Reflection #3: Unlocking progress by applying a temporal lens to evaluate the risks to people connected to the climate and environment

Another significant point of discussion related to the challenge in identifying impacts on people connected to the transitions when a number of these impacts were only just starting to emerge. In short, by taking a present-day approach to the evaluation of risks to people, a number of risks are missed and/or not prioritised for action. Respondents observed that this approach is leading to one of ‘fighting fires’, rather than considering impacts on people that will accelerate with the transition.

Applying a ‘just’ lens to the transition was viewed as both looking at risks to people that are created now, as well as looking ahead to the future risks to people resulting from the transition that may only just be starting to manifest – and tackling them now. However, it can be a

<sup>142</sup> Francesco N Tubiello et al., “Greenhouse gas emissions from food systems: building the evidence base”, *Environ. Res. Lett.* 16 (2021) 065007, at 1, available at <https://iopscience.iop.org/article/10.1088/1748-9326/ac018e/pdf>.

challenge to identify these risks to people that will accelerate with time, since the timeframe for assessing risks tends to be the current moment in time.

In the course of the conversations, we explored the usefulness of re-visiting the timeframe companies are using to evaluate the risks of impacts on people from the transition as a way to unlock progress on both risk and impact identification and prioritisation, to in turn inform actions to take now.

Companies could, for example, adopt a timeframe of 2030 by which to evaluate both the risks of human rights impacts, as well as their severity and likelihood. This would allow them to adopt a rights-respecting approach and prioritise for action now impacts connected to the transition that are likely to be the most severe and likely in the future. The advantage of taking 2030 as a temporal timeframe to evaluate risks and impacts is that 2030 is a well-recognised date in this arena: the Intergovernmental Panel on Climate Change (IPCC) offers mitigation pathways to achieve immediate and deep emissions reductions across all sectors, which is equal to halving greenhouse gas (GHG) emissions by 2030 (relative to 2019 levels).<sup>143</sup> Therefore, there are a large number of authoritative reports that use this date to describe the kinds of risks to people's rights that are possible by 2030, going through a range of different warming scenarios.

This forward-looking approach to the human rights risks was viewed as fully consistent with what companies were doing already on climate, where they were applying a longer-term timeframe to the risks of impacts, and using this longer timeframe to prioritise actions now. A similar mindset change is needed when it comes to human rights.

We observe that the necessity of changing the temporal timeframe for the assessment of and prioritisation of human rights impacts has equally been an outcome of all of our recent projects on the topic, including from other sectors as well. External experts also underscored the importance of taking a holistic and longer-term perspective on risks to people.

“When it comes to climate, we are used to looking ahead. We need to shift our mindset to planning ahead to future human right risks, those that don't get seen now and therefore get missed. This is about looking ahead to the future human rights risks, and acting on them now.”

“We have in the past been a one-person-show. We have had to be on the defensive, and not on the offensive. This has hindered our ability to look at risks that are on the horizon pro-actively. Our priorities will always be those immediate priorities.”

“We have our agro [agricultural] R&D teams already looking far into the future, the next 50 years, to look at the future of diets and how we can be ready with our product offerings. Then we have our business teams looking at the next 5-10 years – looking ahead to resilience and disruption. We are not right now bringing in the people implications of this.”

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<sup>143</sup> IPCC Sixth Assessment Report (2022), available at <https://www.ipcc.ch/assessment-report/ar6/>

## Reflection #4: Applying the UN Guiding Principles to the risks and impacts created in the transitions

A number of respondents underscored the usefulness of the UNGPs – and the human rights due diligence they provide for – in shaping rights-based responses to the transitions. Applying human rights due diligence to companies' transition activities can support companies in delivering the transition to a sustainable economy in line with expectations for it to be just. There were a number of reasons described for why the UNGPs can help support FMCG companies in advancing on the just transition ahead.

Companies are already used to conducting human rights due diligence to identify their adverse human rights impacts throughout their operations. Companies have the policies and the teams set up to manage human rights risks. They already have their senior-level commitments to respect human rights in human rights policies, upon which this work builds. Using the UNGPs has helped respondents gain clarity on which risks and impacts to look at (across the value chain), which stakeholder groups to consider (those whose human rights can be impacted the most severely), and the necessary actions to take.

However, respondents observed that they were not as a matter of course applying human rights due diligence to the human rights risks connected to the transitions – in part because of the temporal challenge described above in Reflection #2 of this theme, and also in part due to internal company dynamics, for instance sensitivity in connecting climate and environmental impacts to human rights impacts, or concerns that applying due diligence could delay mitigation and adaptation efforts. (These challenges are further described in Theme 4 below).

A particular area that numerous respondents referenced as particularly valuable in this regard was the UNGPs' guidance when it came to expected actions to take.

A large number of respondents spoke about the need to include other stakeholders in the just transition – with a particular focus on the role of governments (national, regional and local) in supporting localised solutions to the just transition. The value of the UNGPs was viewed as particularly helpful in this regard due to the fact that the UNGPs already address the role of governments (in its Pillar 1) as well as the role for other stakeholders, in particular with its emphasis on building and exercising leverage, as well as the role of engagement with potentially affected stakeholders.

Respondents observed that they had helpful examples of how their companies had sought to build leverage in the past with governments and peers, to seek to tackle human rights risks that could be learnings to build on for this area as well (e.g. related to living wage and living income, land rights, as well as the rights of Indigenous communities).

They also welcomed the clear differentiated actions to take when faced with impacts in the UNGPs (which is based on how the company in question is connected to the impact), while underscoring the particular importance of remedy and the challenge in providing/ enabling it in certain environmental and climate-related human rights impacts.

In this regard, we note a certain disconnect between our company conversations, and our external expert conversations.

Human rights specialists within companies tended to be focused on how to help their companies see the inter-connections between their environmental, climate and human rights work, and using existing frameworks to advance – with a strong emphasis on the UNGPs. They underscored the need to build on what the company was already doing internally to make progress, while emphasizing the need for change ahead.

In contrast, and as referenced above in Reflection #1 of this theme, the external experts emphasized that the just transition implementation by companies should reflect the ‘whole-of-society approach’, and entail a transformational systems change. There was a strong concern that companies would dilute the just transition term and its practice by continuing with business as usual, making a few changes to due diligence in the process.

“A number of the issues we have found will require an eco-system approach to tackle, which the UN Guiding Principles help us achieve through its focus on leverage. Sector engagement is particularly critical.”

“We need to delve into the role of the different entities here: business, government, civil society organisations, communities, etc. This entails a very complex multi-stakeholder approach. We already have the three pillars of the UN Guiding Principles that recognise the role for various stakeholders: we have a very strong framework to apply to the sector.”

“We will need investments in the transition. Farmers can’t bear the cost of the transition. This will need both public and private capital. We need to provide funds ourselves, we need to incentivize peers to provide funds, and we need the public sector to step up.”

“We are moving from intensive agriculture to regenerative agriculture – to deliver, we need to bring farmers along, we need to work with other buyers, and we need to bring the government in.”

“Crop rotations is emerging as a helpful answer: farmers may need to grow other crops for sustainable farming and regenerative agriculture, than what they are growing right now. In addition to the environmental benefits, they can benefit from more money. For this though, the government needs to be brought in.”

“When working on reskilling and getting people ready for new jobs, this entails working with the local departments of labour. It’s a challenge to see this at a national scale, but it’s needed.”

## Theme 4: How to advance on just transition in practice within companies

### Reflection #1: The need to break down silos and take a holistic approach to the risks and impacts created in the transition

Many respondents commented on the difficulty of integrating human rights and climate/environmental agendas because they operate in different strategic pillars. There are few interconnections between them at the strategic/conceptual level, and so this carries through into team structures, processes and practice. Silos between the business and the human rights team

were also viewed as contributing to blind spots – in particular when business teams had made climate-related decisions (e.g. related to sourcing) that in turn impacted people.

A number of respondents described how the impacts from the transition are being left behind, due to the siloes that exist within companies. A number of different factors were raised to explain the silos that exist between companies' environmental and climate work, and their human rights work, as well as between companies' human rights work and the business:

- Sensitivity in connecting climate and environmental impacts to human rights impacts, in particular when this might lead to enhanced scrutiny or litigation risks;
- Concerns that applying human rights due diligence to environmental measures could delay urgent and necessary mitigation and adaptation efforts;
- Unwillingness within the company to look at human rights impacts from climate actions, due to the climate strategy being signed off by senior levels of the company with strict targets – some of which can be connected to senior executive promotion, appraisals and compensation;
- Lack of mandate for the human rights team to get involved in climate and environmental matters, and/or a lack of resource to do so;
- Lack of knowledge from the human rights team of what is entailed in the company's climate and environmental actions specifically, and a sense that their lack of technical knowledge may hinder their ability to adequately evaluate risks to people;
- Lack of understanding from the climate and environmental colleagues, as well as from the business, on kinds of human rights implications at play;
- A desire from the business to rapidly manage the risks to business that are growing with the warming planet (e.g. related to sourcing decisions), without seeing the need to bring human rights colleagues in to the process.

Human rights specialists in particular observed that they would like to find ways to bring this topic more systematically into their work, for instance through a senior-level change to their mandate, a greater allocation of resources, and/or through equipping climate and environmental colleagues – as well as the business itself – to better understand the risks to people involved in the transition and what mitigation of these risks might entail.

Many spoke of the need for making stronger connections between climate, environmental, and human rights workstreams at all levels—from high-level vision and strategy, all the way down to ground-level practices.

Because of this, respondents identified that the first step was to raise awareness about *why* companies needed to make the inter-connections between these areas. Changes to governance and targets were then viewed as the most helpful steps, in parallel with or leading into strategy changes (see the second reflection of this theme below).

"The company's sustainable procurement team is divided into separate categories: human rights, environment, water, carbon, and inclusion and diversity. We are operating in a pillared structure, and the cross-overs between these pillars was only considered two years ago – and we are still very much in the early days."

“This topic needs to work with the lifecycle of our targets, which set the agenda for our internal discussions and actions. Since our external-facing strategy and targets were developed two years ago, when just transition was not on our radar, and we have no immediate plans to review them, this in turn puts a halter on internal movement over the just transition concept.”

“A facilitated dialogue brought together all key players in sustainability – with a particular focus on how to make this area understandable and practical for those coming at it from very different roles and responsibilities. We brought all sustainability experts in by sending out a self-assessment questionnaire for various professionals to reflect on human rights impacts connected to the business – including by bringing a climate and environmental lens.”

“We are continuing dialogue internally centred around the following question: ‘What does the right to a safe, clean and healthy environment mean for the business?’ The answer will look different, depending on which area of the business we are looking at. A key point of learning has been to build understanding and knowledge levels.”

“We undertook an internal process to explore what the term ‘just transition’ means for our business. External inputs, including a report we commissioned from an expert organisation, were helpful inputs, to help us galvanize the internal conversations. At the end of the day, this process is dialogue-based and has to be tailored to the specifics of the company.”

“The ESG framing is helping us start the coordination, and extend sustainability beyond environment. We now have environmental and social colleagues that sit together as part of our steering committee – this wasn’t happening before and this is an opportunity for conversations that weren’t happening.”

“We have environmental scientists embedded across the business. The key will be to harness the power of environmental colleagues, to catalyze conversations that are future-focused. There is power in designing the right targets to enable this to happen.”

## Reflection #2: Changes to company human rights/ climate/ environmental strategies are starting, and will accelerate with time

Although a number of respondents discussed the strong silos that exist within strategies that hinders progress in this area, a number of respondents also shared recent changes to their internal strategies that were going to help build bridges between these distinct areas and place a greater focus on the inter-connections between them.

Some described their own internal journey to drive strategic changes. Some respondents observed that a sector-wide discussion on this point could help drive further progress, with all companies seeking to adjust their strategies to be fit for purpose in today’s rapidly evolving climate and human rights context. A common refrain was that where the importance of considering the inter-connections was understood internally, this in turn paved the way for noteworthy strategic changes.

Respondents spoke about two distinct entry points into the strategic discussions: bringing human rights into the company’s climate/ environmental strategy, and bringing the climate/ environment into the company’s human rights strategy.

## Bring human rights into climate/ environment

A number of respondents emphasized the need to integrate human rights *within* the climate and environmental agenda. They observed that the company's climate commitments often receive significantly greater attention and resourcing from the company. For, while human rights was critical for the company, climate change presented an existential threat to their business. Bringing a rights-component to the company's climate and environmental work would therefore ensure that all environmental specialists working in the company would become ambassadors of ensuring that this transition takes place in a rights-respecting way. This would also capture the attention of senior-level business leaders who are viewed as primarily focused on the green transition ahead for their business. At the same time, respondents acknowledged the need to ensure that the unique value of the human rights approach – captured in the UN Guiding Principles – was not diluted or lost in the process of integrating this approach within the climate and environmental agenda.

## Bring climate/ environment into human rights

Respondents also remarked on the necessity of bringing the climate and environment more squarely into a company's human rights work, failing which we are missing a large source of human rights impacts. Some have already, or are in the process, of updating their human rights salient risks and strategies to reflect the climate and environmental realities.

A number of respondents from human rights teams commented on the challenge of looking at environmental and climate-related human rights risks in the future, when there are already so many human rights impacts to tackle today. At the same time (and as discussed above), if we take a temporal perspective to the human rights impacts, it becomes significantly easier to integrate the human rights implication of climate and environmental impacts into salient human rights issues and human rights strategies.

“Our external-facing sustainability targets do not reference just transition. This is not built into our 2030 strategy – but I think it's clear now that it should be. How can we as a sector make changes to the strategies that need to take place?”

“We embarked on a journey of updating our human rights strategy to reflect the climate and environmental realities. Following a series of internal conversations, supported by external expertise, we included a sustainable environment in our new human rights strategy.”

“We are naming climate as a salient human rights issue. What this means is that our climate strategy needs to be informed by the risk to people lens. This includes bringing this lens to our climate work including our adaptation and mitigation measures.”

“We have a new governance committee that brings together various areas of expertise within sustainability – issues that relate to the inter-connections are escalated to this committee which in turn enables us to take actions that are joined up across specialties.”

### Reflection #3: Starting with specific areas where the just transition applies to move forward

A large number of respondents highlighted that they were already undertaking work and making progress on considering a rights-based approach to their climate and environmental work. Respondents described how highlighting internally how the work they were undertaking was already included within the just transition helped internal respondents gain comfort with the use of the term.

A small number of respondents cautioned on the importance of ensuring that we do not simply put everything under the 'just transition' banner, but that companies mindfully consider whether their existing work would be viewed as fitting within it. They noted that companies that were already seeking to integrate the UN Guiding Principles throughout the business likely had more to highlight than they might think.

Respondents noted that the feeling of being overwhelmed with the term came from a sense that there were so many issues to consider, and that a number of them were outside of the control of the company. This is where taking a focused approach – grounded in salience (i.e., where the impacts on people could be the most severe and likely), or grounded on internal interest at first – was viewed as particularly helpful.

In particular, respondents observed that it was easier to work on one specific area, or to advance with a specific target on just transition, rather than being overwhelmed by the entirety of the conversation. The majority of the examples surfaced that had enabled companies to make headway related to considering the human rights implications of climate mitigation efforts (renewable energy, carbon credits, and waste pickers for recycled materials in particular).

"Even though we sometimes struggle to connect the dots at a conceptual level, we see that the work on the ground is already organically bringing these areas together. It's just easier to see the inter-connections at the local level."

"Once we had made this very concrete and practical, we were able to make progress. We found that we just needed to be very clear on what exactly we are talking about to get colleagues on board."

*Quotes with the specific examples discussed are further referenced in our Part 7 below.*

### Reflection #4: Responsible disengagement as a key area of importance as the transition accelerates

Respondents referenced several reasons for expecting an increase in disengagement in the years ahead – that is, companies needing to move away from a certain supplier, region, commodity or group of farmers.

Some of these reasons were viewed as unrelated to the climate transition, e.g., a business change, the effects of COVID 19 and political instability, and the desire to source closer to home to avoid supply chain disruption.

However, respondents also anticipated that disengagement for climate or environmental reasons was only going to increase with time. The reasons relate both to mitigation and adaptation. In the first instance, companies will begin shifting their agricultural sources, to meet both climate targets and environmental targets (e.g., shifting to less carbon intensive commodities or to new climate-friendly diets). At the same time, companies will also shift in response to how the warming climate is impacting the sourcing of materials and commodities (e.g., through extreme weather events, and increasingly, through gradual warming).

This climate-related responsible disengagement was viewed as a new area but one that needed more focus and attention from within the company. Overall, respondents recognised the need to think a lot more carefully about responsible disengagement in the just transition for the FMCG sector. This included considering the human rights impacts of leaving existing supplying communities behind. In thinking through disengagement in the just transition context, a few observed that lessons can already be drawn from disengagement in other non-climate-related reasons. Some gave examples of company actions in the course of disengagement, such as reskilling the workforce and partnering with the local communities to create new work opportunities.

“We have a number of transitions and exits in the pipeline. These are business decisions to exit, but in the process, we can learn from this disengagement, and apply learnings to when we will start to need to disengage for climate reasons. For instance, for farmers in one country when we exited, we worked on providing skills training to enable them to move to other company value chains.”

“We are already seeing the impacts climate change is having on our sourcing activities. In one case, we had risks to the supply of a critical ingredient due to drought. We had to move to another region in the country. We are making these moves, but we are not right now considering the impact on the human in the process.”

“It can be easy to think that we will transition from one commodity to another that is more client-friendly. However, in this transition, we may reduce our immediate exposure to human right issues, but in the longer-term, we leave farmers behind.”

“There will be changes to sourcing markets due to climate-related impacts. This is already starting. For instance, a hurricane destroyed one of the facilities we needed, so we had to re-build the facilities, which resulted in us needing to let some of the workers go. We focused on re-skilling and getting people ready for the new roles.”

“We have long-standing sourcing ties with our farmers, with 5-10 year plans in place for our sourcing markets. But this is changing due to a number of factors, to move toward a more localised supply chain closer to home. We have the supply chain disruptions from COVID, coupled with growing protectionist policies.”

“There is rising heat in one of our sourcing markets. We are seeing impacts already on smallholder farmers. Responsible disengagement will definitely be on the cards as the planet warms up further.”

“Changes in supply will happen – so I’m worried about us being forced to change smallholder farmers. We can first evaluate if income diversification is possible – with the same farmers providing different kinds of crops to us. If this is not possible, we can explore whether we can build their ability to diversity and supply their other crops to others. In other words, the diversification of crops might not be to provide these commodities to us as a business, but helps them as farmers be more resilient.”

“It’s important to recognise that sourcing strategies differ across companies. Some companies may not have as much risk because of where they chose to source from, so these companies may not have as many questions on disengagement because they are not sourcing from higher-risk areas.”

## PART 6: FOUR PRIORITY AREAS FOR THE JUST TRANSITION ROAD AHEAD IN THE FMCG SECTOR

The respondents as part of the interview process identified a number of actions that would support FMCG companies in advancing on the just transition. In this part, we group reflections on required steps ahead into four priority areas.

These priority areas can in turn inform the actions AIM-Progress can take moving forward. (The potential role for AIM-Progress building on these four priority areas is further described in Part 8 below).

### Four priority areas for the just transition road ahead in the FMCG sector

Priority No. 1: The Why – Build knowledge of the drivers for a rights-respecting transition in the FMCG sector

Priority No. 2: The What – Refine the common understanding of what just transition means for the FMCG sector

Priority No. 3: The What in Practice – Delve into what just transition steps can look like in practice, in certain areas of the value chain and in certain locations

Priority No. 4: The Engagement – Engage with affected stakeholders and their proxies, governments, peers, investors and experts who all play a role to make progress

### Priority No. 1: The Why – Build knowledge of the drivers for a rights-respecting transition in the FMCG sector

The world that companies are operating in is rapidly evolving. There is now a vast body of scientific research on the need for a *rapid* transition in the FMCG sector, as well as a growing number of case studies that demonstrate the need for a *just* transition. The drivers for companies in needing to take a rights-respecting approach to the transition ahead are also growing, including a rise in relevant legislative developments, litigation, investor pressure and consumer scrutiny.

It can be a challenge to stay abreast of all of these developments. We heard in our interviews that further discussion on the ‘Why’ would be a critical part of the just transition journey ahead. Many respondents did not feel they had the insights necessary to make the case for more extensive work on just transition, and/or they lacked the time and resources to access the knowledge that they needed.

A number of respondents observed that once senior-level company representatives were on board with the need to consider the inter-connections, progress would be significantly faster.

Therefore, they underscored the importance in making the case for consideration of the inter-connections to senior-level representatives.

This study also highlighted how the common language of just transition can offer a platform for engagement and social dialogue with peers, as well as governments, investors, civil society, and affected stakeholders. At the same time, the interviews underscored the low levels of internal understanding in companies about what just transition means, as well as concerns around its political connections.

## **Priority No. 2: The What – Refine the common understanding of what just transition means for the FMCG sector**

A key objective of this study was to start to build a common understanding of what the just transition means for the FMCG sector.

The interviews – and in particular the external expert interviews – underscored the importance of building on existing reference points for just transition. There was a strong concern that companies should not seek to dilute the term – intentionally or inadvertently. The reference points that were described as particularly important to build on have been highlighted in our Part I above.

The interviews – and in particular the company interviews – further highlighted the importance of articulating what the just transition means in practical terms for the sector. This in turn will help work to advance on the topic.

This study (in Theme 3 outlined in our Part 5 above) identified four considerations that can help unlock progress on articulating what the just transition means for the FMCG sector:

- 1) Articulate which transitions are in scope for the just transition in the FMCG sector, and what these transitions will entail in terms of repercussions on people
- 2) Delve into how these transitions can carry risks and impacts (alongside opportunities) for people – taking a full value chain approach that extends beyond farmers and farming communities
- 3) Apply a temporal timeframe of 2030 to evaluate the existence of, as well as the severity and likelihood of, risks to and impacts on people connected to the transitions
- 4) Apply the UN Guiding Principles to the risks and impacts created in the transitions

During the course of our conversations, we found that it helped to start to unpack the transitions in the FMCG sector out into several buckets. A number of respondents found these buckets helpful to articulate their thoughts and practices. To support further work on this area, we describe these buckets further below in our Part 7 below.

## **Priority No. 3: The What in Practice – Delve into what just transition steps can look like in practice, in certain areas of the value chain and in certain locations**

This process highlighted that a number of AIM-Progress members have been undertaking work on specific areas of just transition. Examples include work on:

- Lowering greenhouse gas emissions through partnering with smaller suppliers;
- Resilience and regenerative agriculture with farmers with a focus on farmers' rights and their communities;
- Considering the impacts on people (including Indigenous communities) associated with the company's land use, deforestation and water use
- Building the resilience of smallholder farmers to cope better with growing heat stress;
- Integrating consideration for communities and workers in renewable energy projects (in particular, wind and solar);
- Considering the adverse impacts of recycling initiatives on waste pickers;
- Considering the social implications on communities and Indigenous communities of carbon credit purchases.

Other common issues will emerge as companies progress their work on just transition – and in particular as they increasingly apply a full value chain approach to their just transition work. This process underscored the value for companies of learning from these practical examples, to help unlock further progress in the area.

In addition, the conversations highlighted that the just transition, by its very nature, is context-specific. It will look like different for farmers in one location than for farmers in another location. Local dialogue on what the just transition entails in particular contexts have started in other sectors, notably the energy sector. One point highlighted in a number of interviews – both with companies and external experts - was the importance of bringing in the full range of organisations that have a role to play – ranging from governmental, to social partners, worker organizations and trade unions, community organisations and other organisations.

## Priority No. 4: The Engagement – Engage with affected stakeholders and their proxies, governments, peers, investors and experts who all play a role to make progress

As described above, this study confirmed the sense that the just transition cannot be delivered by one company alone – companies will need to work alongside others to make progress. This engagement can take place at the local level, when further articulating what the just transition might look like in a specific operating context – as well as at the national, and international level, for instance when seeking to advocate for further governmental attention and investor financing in the area of just transition.

**Undertaking meaningful social dialogue with affected stakeholders, and their proxies:** Social dialogue is a central tenet of the just transition. Social dialogue is a key premise of the just transition under the ILO Guidelines; engagement with potentially affected stakeholders and their proxies is a cornerstone of the UNGPs; building accountability to, and ensuring the agency of, potentially affected groups in transition planning and decision making is the third of four components of just transition in the Wilton Park – IHRB Dialogues; and ensuring meaningful dialogue and participation in net zero planning is the third just transition factor for the Grantham Research Institute on Climate Change and the Environment. The interviews highlighted that some AIM-Progress members had made progress in refining what this social dialogue looks like in practice for certain areas of their value chain. Nevertheless, this engagement was viewed as a

newer area of focus: what does social dialogue, engagement and agency as part of just transition look like in practice? What's expected? What does it look like for farmers? communities? Indigenous communities? And workers? Further refining this engagement with potentially affected stakeholders and their proxies will be a central tenet of the success of just transition in the FMCG sector.

**Exercising and building leverage with relevant governments:** Experience from companies in other sectors on the just transition highlights the importance of ensuring governments are aware of their own duty when it comes to human rights, the climate, the environment and just transition. Governments play a critical role in enabling a just transition to take place within their countries. Some governments have chosen to prioritise advancing on specific sectors, while others have taken a more holistic approach. Companies in the FMCG sector have a role to play in ensuring that governments – national, regional, local – provide the enabling environment for a just transition to take place in the sectors within which FMCG companies operate.

**Engaging with peers that are advancing on just transition in sectors of relevance to the FMCG sector:** This study underscored the importance of considering other parts of the value chain beyond the agricultural sector as falling within the just transition in the FMCG sector – for example, transportation, energy, and waste. A number of these sectors are also advancing on the just transition. Engaging with other sectors that are relevant to the FMCG sector can bring helpful insights to the FMCG sector. The energy sector has made the most progress to date in light of the immediacy of the impacts, and other sectors such as transportation are also starting to make headway.

**Highlighting the need for public and private investment in sustainable land use practices:** It is well established that the imminent and sustained investments required to materialise a just and sustainable agriculture and to restore damage already caused to natural capital and biodiversity, water supplies and oceans are significant. Estimates indicate that needed annual investments in sustainable agriculture alone amount to USD 100-150 billion by 2030, in addition to an annual USD 175-250 billion in afforestation and biodiversity. By the same estimates, the total estimated annual transition investment needs amount to USD 2-2.8 trillion by 2030.<sup>144</sup> From a just transition perspective, substantial parts of these funds are required to alleviate the burden of those most vulnerable to climate change and to small farmers with substantive transformation costs into regenerative and sustainable farming at a living wage. The private sector can play a role in unlocking these needed investments in the sector.

**Engaging with experts advancing on the just transition in the sector:** A growing number of organisations and experts are advancing on fleshing out what the just transition means for the FMCG sector. It will be helpful to enhance coordination with these organisations and experts to ensure synergies and continued progress.

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<sup>144</sup> The Independent High-Level Expert Group on Climate Finance, "Finance for climate action – Scaling up investment for climate and development" (November 2022), at 23, available at <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/11/IHLEG-Finance-for-Climate-Action-1.pdf>.

## PART 7: JUST TRANSITION RISKS AND IMPACTS IN THE FMCG SECTOR: AN IDENTIFICATION FRAMEWORK

This study identified the importance of building on existing reference points for just transition.

In particular, the ILO 2015 Guidelines emphasize the importance of considering the full array of transitions to environmentally and socially sustainable economies for all; the 2015 Paris Agreement and the 2018 Silesia Declaration underscore the importance of workers and communities – within groups of potentially affected stakeholders to consider as part of the just transition; and the UNGPs highlight the importance of taking a full value chain approach grounded in internationally recognised human rights to the identification of risks to people in all aspects of a company's activities - including in connection with efforts to transit into a sustainable economy.

This study – in particular within its qualitative interview phase – further identified the value for companies of articulating the kinds of risks and impacts that are in scope for their just transition work. This process can start with fleshing out the kinds of transitions that are in scope and how these transitions can carry risks to people, taking a full value chain approach; prioritising risks based on their severity and likelihood following the UNGPs' methodology; and applying a temporal timeframe of 2030.

During the course of our conversations, we found that it helped to start to separate the transitions in the FMCG sector out into several buckets. This helped ensure that we were considering all of the different kinds of risks and impacts on people from the transition based on salience, and not prioritising some over others based on companies' own discretion.

This process also helped support the articulation of the kinds of risks and impacts that we are specifically talking about in the FMCG sector – as distinct to the risks and impacts that are present in other sectors. A number of respondents found these buckets helpful to articulate their thoughts and practices.

This Part provides an initial identification framework for risks and impacts associated with the just transition in the FMCG sector.

### A Note on Risks and Impacts

Although the just transition is not solely limited to the risks and impacts (see the discussion above in our Part 1), there is a strong connection between risks and impacts, and the opportunities companies can create in the just transition.

A similar framework of thinking as the one that companies are applying to respect for human rights (as outlined in the UNGPs) and promotion of human rights (as set forth in the UN Sustainable Development Goals - SDGs) can apply here. In that area, companies are selecting which SDGs to prioritise for human rights promotion, based on where they have the most potential to severely impact people throughout their operations, following the methodology

described in the UNGPs.<sup>145</sup> In other words, the companies' responsibility to respect human rights and avoid and address their risks and impacts in turn informs how they can seek to promote human rights. This helps companies demonstrate that they have followed a principled approach to select their SDGs, and are not seeking to offset their negative impacts through their promotional activities.

Similarly, to ensure that companies are not cherry-picking their opportunity areas within just transition, they can first identify the risks of their most severe impacts to people they are connected to in their operations and value chain as part of the transition. This identification and prioritisation process can in turn inform the opportunities companies select to make progress on. This inter-connection between just transition risks and impacts on the one hand, and just transition opportunities on the other, underscores the importance of ensuring that the risk and impact identification and prioritisation process captures the array of risks and impacts that are viewed as included within the just transition, following the authoritative methodology outlined in the UNGPs.

To support further work on this area, we describe the buckets of risks and impacts further here. These buckets are intended to serve as a starting point for the FMCG sector to build on, as they further refine the just transition in practice. These buckets can inform companies' identification and prioritisation of risks and impacts as part of just transition, and therefore can serve as an identification framework of sorts. (When we discuss a potential role for AIM-Progress below, we further outline how AIM-Progress can build on this identification framework through further engagement and input.)

## Identifying Just Transition Risks and Impacts

During the course of the discussions, we categorised the risks and impacts into two buckets:

**Bucket 1: Risks to people from the company's current business model:** The first bucket of risks and impacts captures the company's existing salient human rights issues, capturing both the salient human rights issues that are traditionally identified by FMCG companies, as well as human rights impacts connected to the company's impact on the environment which are increasingly identified by FMCG companies; and

**Bucket 2: Risks to people from the company's mitigation and adaptation actions:** The second bucket of risks and impacts captures the risks to people from the company's actions to mitigate and adapt to environmental impacts, i.e., their efforts to transition into a sustainable food system.

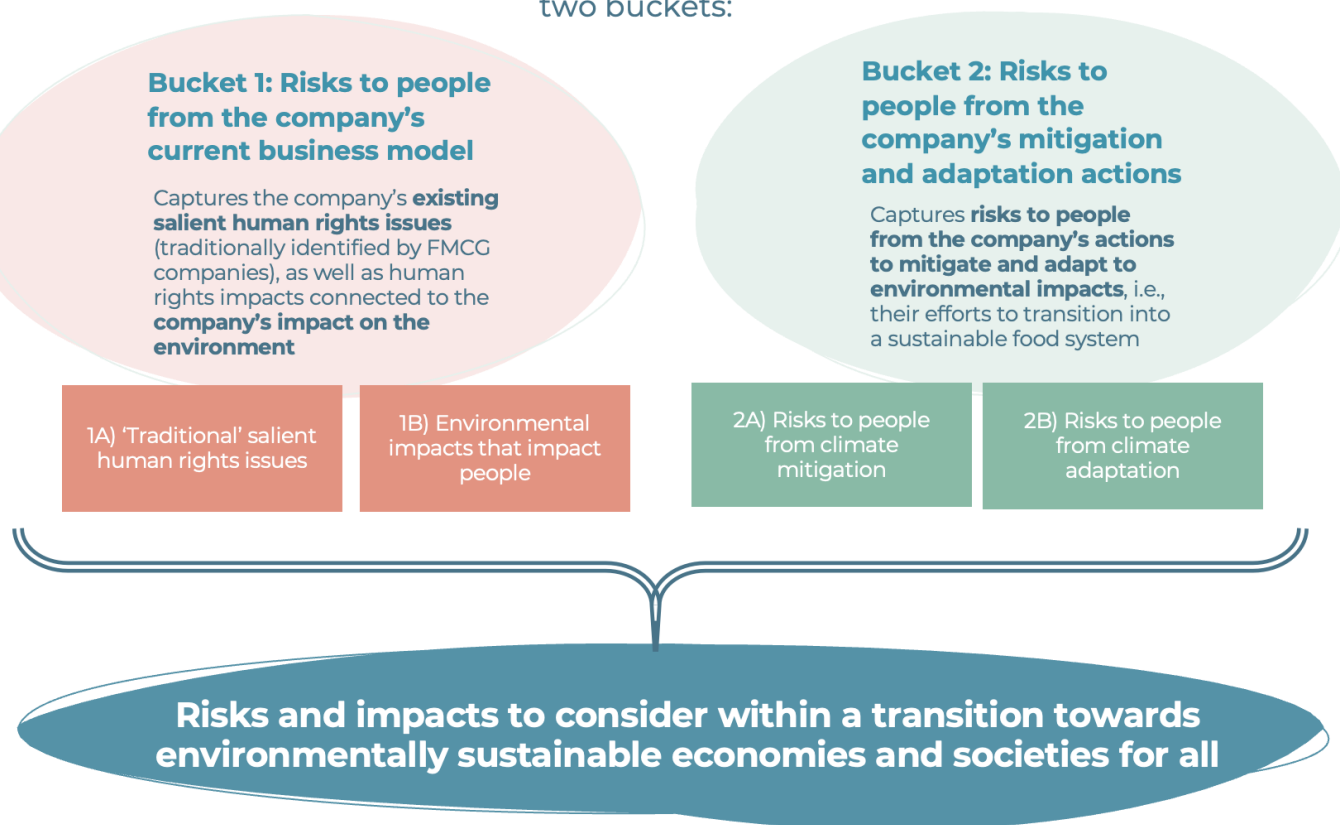
In other words, the focus in the first bucket is on how the company's existing business model has impacts on people, and the focus in the second bucket is on how the actions the company is taking to respond to its environmental impacts (as well as those of other organisations) can impact people – i.e. the unintended consequences of mitigation and adaptation actions that may be beneficial for the planet, but detrimental to people.

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<sup>145</sup> See for instance Shift and WBCSD, The Human Rights Opportunity (July 2018), available at <https://www.wbcd.org/Programs/People-and-Society/Tackling-Inequality/Human-Rights/Resources/15-real-life-cases-of-how-business-is-contributing-to-the-Sustainable-Development-Goals-by-putting-people-first>

## Identifying Just Transition Risks and Impacts

During the course of the discussions, we categorised the risks and impacts into two buckets:



The following provides further reflections on these two buckets, based on the desktop review, the interviews and our work in this area.

### Bucket 1: Risks to people from the company's current business model

#### 1A) 'Traditional' salient human rights issues

Under the UN Guiding Principles, companies are expected to identify and prioritize for action those impacts that would be viewed as the most severe to people, from the perspective of the people impacted.

The 2011 OHCHR Interpretive Guide and the 2015 UN Guiding Principles Reporting Framework<sup>146</sup>, provide further guidance on the methodology expected of companies when it comes to prioritising their impacts for action: in short, companies are expected to evaluate the severity of

<sup>146</sup> OHCHR, The Corporate Responsibility to Respect Human Rights: An Interpretive Guide (2011), available at [https://www.ohchr.org/sites/default/files/Documents/publications/hr.puB.12.2\\_en.pdf](https://www.ohchr.org/sites/default/files/Documents/publications/hr.puB.12.2_en.pdf); The UN Guiding Principles Reporting Framework (2015), available at <https://www.ungpreporting.org>

the risks (based on their scale, scope and remediability), as well as the likelihood of the risks occurring.

Following this methodology, a number of FMCG companies have identified the risks to people they are connected to that are the most severe. These are referred to as the company's 'salient human rights risks.' In this process and following the UNGPs' expectations, they take a full value chain approach, and consider the risks from the perspective of the people (potentially) impacted.

**Key observations:**

- Following the ILO framing of just transition, the just transition extends beyond those impacts created by virtue of the transition to pre-existing impacts in the sector. Therefore, 'traditional' salient human rights issues identified by companies following the methodology contained in the UNGPs are relevant for the just transition.
- We conducted a second desktop review of existing salience assessments conducted by FMCG companies to evaluate the extent to which companies were already identifying and prioritising for action human rights risks that are relevant to the just transition. (Results of this desktop review are available upon request).
- Companies highlight in their salience assessments a number of human rights risks that a just transition would seek to tackle. For instance, low wages and low incomes; discrimination and inequalities; and crackdowns on voice, freedom of association and collective bargaining would all be viewed as foundational aspects for a just transition to address.

**Applying a temporal lens to identify changes in severity and likelihood of human rights risks and impacts**

- Over time, the operating context linked to a warming planet, a biodiversity crisis and growing inequality will in turn increase the severity and likelihood of a number of the salient human rights risks already identified by companies. In other words, by 2030, the operating context will have acted as an amplifier of existing human rights risks in the FMCG sector – assuming that adequate mitigation has not taken place. A number of respondents noted that the changes in climate had already started to impact their salient human rights issues, and this change was going to accelerate.
- This study highlighted the opportunity of applying a temporal lens to these existing salient human rights risks to identify salient risks that are relevant to the just transition. Applying a temporal lens of 2030 to existing salience assessments means that companies can rely on scientific evidence of their assessments of the operating context in 2030 to determine the likelihood and severity of impacts ahead.
- For instance, risks to health and safety of farmers and workers were viewed as on the rise in light of growing heat. Heat stress was viewed as a palpable example of how climate change is already impacting people in the business. A growing number of companies are starting to look at the implications of heat stress on their workers, and projecting how heat stress will increase in the future, to inform actions to take today.
- Other rights that were viewed as growing in salience when taking a temporal perspective were those related to income, gender, voice, precarious work, stranded communities and child labour. In other words, based on the best available science, it is anticipated that these risks to people will be more and more severe and likely in light of the growing climate and planetary crisis.

### Bucket 1A

“Just transition is also about re-framing some of the existing work that we are doing, in particular on income and gender, since this work is about moving out of an exploitative agricultural sector.”

“The work we are already undertaking under the UNGPs helps meet some of the needs of the just transition, since this is about seeking to address and rectify some of the ongoing impacts in the sector.”

“Heat stress faced by workers is an example of how the changing climate is already impacting our workers. We have started to see it already, and we are already needing to make changes to adapt to this.”

## 1B) Environmental impacts that impact people

These relate to the impacts that companies have on the environment (including their impacts on the climate and biodiversity) that in turn can impact people's rights. Scientific and environmental experts and reports in the sector highlight primarily four kinds of environmental impacts companies in the FMCG sector have – although there may be others.

### Predominant environmental impacts of a FMCG company

- Emissions of **greenhouse gases** (including carbon dioxide and methane)
- Impacts on **biodiversity**
- Impacts on **water** (both availability and quality)
- Impacts on **land use** (including deforestation) and soil integrity

### Key observations:

- The best available scientific knowledge confirms how the environmental impacts that occur in the FMCG sector also become risks to people – especially when adopting a different temporal timeframe. (And conversely, according to the same scientific knowledge, warmer climate, biodiversity loss and ecologic degradation at large have immense impacts to the food systems and companies operating therein.)
- A growing number of companies are identifying environmental impacts that can manifest as risks to people as part of their salience assessments.
- Indeed, these impacts are connected to the company, and are included within the scope of the UNGPs to the extent that they may result in an impact on an internationally recognised human right.
- Some of these environmental risks to people are more direct and localised in nature, and the impacts are more palpable and immediate. For instance, impacts on water quality and availability can translate into immediate risks to neighbouring communities' health, and land erosion and deforestation can translate into risks to Indigenous peoples' livelihoods and ways of living.
- This helps explain why a growing number of companies are identifying these two environmental impacts of water and land use as salient human rights: they are able to connect their impacts on water and land directly to impacts to people, and they are able to identify impacts that are occurring now.

- For instance, based on the salience desktop review we conducted, we found that Nestlé, PepsiCo, The Coca-Cola Company and Mondelez identify the right to water, or access to water and sanitation, as one of their key human rights issues. Further, Nestlé, PepsiCo, Coca-Cola Company, General Mills, Unilever and Mondelez identify land rights as one of their key human rights concerns. We also observed that respondents during the interviews were comfortable discussing their companies' environmental impacts on land and water, and connecting these impacts to human rights impacts.
- Some of companies' impacts on the environment translate into risks to people which are viewed as less direct and localised in nature, and which may be more palpable over the longer-term.
- For instance, a company's GHG emissions combine with other organisations' GHG emissions to change the climate which in turn translates into impacts on people. Generally, we cannot connect specific impacts on people from rising GHG emissions to one specific company's GHG emissions; that said recent research shows increased local and immediate climate and auxiliary effects in deforested areas compared to non-deforested areas, in some places with as much as 8.3°C, with a range of implications on farmers and communities in those areas.<sup>147</sup> However, since the connection between GHG emissions and human rights impacts is now undisputed, we are starting to see companies discuss and recognise the link between their GHG emissions and human rights as part of salience.
- For instance, PepsiCo has identified climate change as a salient human rights issue, and Ferrero has identified environmental-related human right issues as salient.
- A similar trend can be expected for impacts on biodiversity in light of the growing scrutiny on biodiversity and the results of COP15.

### **Applying a temporal lens to identify impacts on people connected to companies' environmental impacts**

- Best available scientific knowledge highlight that a number of environmental impacts today will have a growing impact on people's human rights in the future (for instance, GHG emissions today will impact people's human right in the future; impacts on biodiversity and loss of species today will impact people's human rights in the future).
- To support companies in evaluating which environmental impacts to prioritise for their just transition work, a temporal time frame can help to identify risks that will occur, for instance by 2030.
- It may also be necessary to use scientific reports for some of the connections between environmental impacts and human rights impacts – so that companies can bring in impacts that are less localised in nature.

A just transition entails applying a rights-based approach to these environmental impacts. Applying the UNGPs entails considering how companies' impacts on the environment can manifest into risks to people - paying particular attention to the concept of cumulative impacts. (Indeed, a number of impacts to the environment – GHG emissions, water, waste, biodiversity – are cumulative in nature, and become risks to people when combined with others' impacts on the environment.)

This in turn entails taking a value chain perspective to look at impacts beyond the company's own operations. This entails prioritising actions based on where the risks to people are the most severe (in addition to based on where the impacts on the environment are the most severe), and taking actions that seek to address the risks to people involved (rather than solely based on the

<sup>147</sup> World Resources Institute, Not Just Carbon: Capturing All the Benefits of Forests for Stabilizing the Climate from Local to Global Scales p. 89 (October 2022), available at <https://www.wri.org/research/not-just-carbon-capturing-benefits-forests-climate>

environmental impact). It can also mean, for example, using scientific data to better understand a company's contribution to specific impacts to humans from climate change, by using data showing a company's contribution share of global GHG emissions in excess of limits within the 1.5°C limit set out in the Paris Agreement.

### Bucket 1B

"When it comes to water, we have recognised this area as a human right this year. Water assessments are included in our site assessments, but these tend to be technical assessments. It's been very interesting to see that our implementation partners in developing countries are more attuned to the impacts on people of water use and tend to include this in their assessments – it just feels more natural for them to be looking at both together."

## Bucket 2: Risks to people from the company's mitigation and adaptation actions

Bucket 2 of the identification framework focuses specifically on the impacts to people connected to the company's mitigation and adaptation actions related to the environment – that is, their transition efforts. Companies are taking a number of actions to mitigate and adapt to climate change and other environmental impacts. A number of these actions – while benefiting the environment – may negatively impact people. This bucket is about identifying what those impacts are, both to ensure the company prioritises the most effective measures in terms of outcomes for people and when impacts cannot be avoided, to take actions to mitigate them.

### 2A) Risk to people from mitigation

These are the impacts to people that can occur as an unintended consequence of the actions companies are taking to mitigate their environmental risks.

Scientific and environmental experts in the FMCG sector describe a number of mitigation activities that FMCG companies will increasingly take.

#### Illustrative mitigation activities of a FMCG company

- **Reducing GHG emissions** across the value chain
- Adopting **productive and regenerative farming** practices
- Increasing **agricultural productivity**
- Reducing **food loss and waste**
- **Offsetting** residual emissions including through carbon credits
- **Halting deforestation** and **biodiversity loss**
- Ensuring **sustainable fishing** and aquaculture
- Improving **animal husbandry** practices
- Shifting to **healthier and more sustainable diets**
- Moving toward a **circular food system**

#### Key observations:

- The desktop review and the interviews underscored a growing awareness of how mitigation activities can manifest into risks to people. This was the bucket of risks and impacts that was discussed the most during the interviews, and the one that company respondents associated the most with just transition.
- There were four areas that were discussed the most during the interviews. These areas were commonly identified following conversations between human rights and environmental specialists. Human rights specialists noted that it was possible to identify impacts resulting from mitigation activities when environmental colleagues were part of the conversation of what these mitigation efforts will involve.
- Companies were able to make progress when positioning this work as strengthening the mitigation, by taking action to mitigate the risks to people alongside the direct risks to environment (and indirect risks to people).

#### Four areas discussed:

- **The agricultural transition:** respondents discussed how the reduction of GHG emissions and move to regenerative agriculture across the value chain could lead to the eviction of more vulnerable smallholder farmers and suppliers from the company's value chain. This eviction comes to the detriment of bringing these partners along in the transition, as well as mitigating climate impacts at large. In other words, prioritising large-scale farming may help a company meet its immediate environmental targets, but leaves smallholder farmers and smaller suppliers behind in the process.
- **Renewable energy:** respondents discussed how the move to renewable energy can lead to adverse impacts on people. There was a specific focus on land rights of communities and Indigenous communities where the renewable energy project requires land (e.g. for wind farms), as well as working conditions in renewable energy supply chains (e.g. forced labour in the solar supply chain)
- **Carbon credits:** respondents discussed how the offsetting of residual emissions through carbon credits can lead to impacts on communities and Indigenous peoples – in particular with regard to use of land and livelihoods. Scrutiny of these impacts was viewed as on the rise.
- **Circular system:** respondent discussed how the move toward a circular system with recycled plastic could bring child labour and other impacts on waste pickers into the company's value chain. This was also viewed as a growing area of concern.

#### Applying a temporal lens to identify impacts on people connected to companies' mitigation actions

- By 2030, given the rapid acceleration in these mitigation actions, the severity and likelihood of these impacts will likely be greater – assuming appropriate mitigation has not been put in place. Applying a temporal timeframe to identify impacts resulting from mitigation actions can help companies prioritise certain actions now.

#### Bucket 2A

#### GHG emissions

"80% of emissions come from a small number of suppliers. Small-holders are the long tail of emissions. So we could just reduce our emissions by letting go of these small-holders. We have to manage that

tension: do we move to the larger farmers, or stay with the small farmers, even if this means we don't meet our climate targets as quickly?"

### ***Carbon-smart agriculture***

"Actions are context-specific – this is about changes to farming (pesticides, mono-cropping, regenerative farming etc.). There is both a financial element (money), a technical element (know-how) and an engagement element (with peers, and local partners)."

"This is about creating sustainable business models. How do we ensure income security for small holder farmers in a lower-carbon system?"

"We have to help agriculture transition, and this means placing a specific emphasis on farmers. We have to bring farmers along with us, and act as a technical advisor and a supporter of the changes they will be living. For instance, intercropping coffee (the process of planting other crops on the same ground) can help farmers by providing economic stability while benefiting the environment."

### ***Renewable energy***

"It can start with a simple question. We are driving renewable energy forward: 'How are we thinking about human rights in this context?'"

"We have started looking at the impacts on people from renewable energy. We now conduct land rights assessments to understand the scale of the risks in those countries we are sourcing renewable energy from. We have developed questions – with support from a land rights expert organisation – that we now ask of our energy providers on how they approach land rights. This is integrated into our due diligence and contracts, and it helps providers think about the topic. We have more work to do on this area to make it comprehensive, but this is a good start."

"Bringing the various sustainability team members together, we have discussed the implications of solar panels, where a key has been to accept the existence of human rights implications and bring others along in a reflection on what to do about them."

"In concrete terms, the understanding that the move to renewable energy carries human rights implications is viewed as the most palpable. This has led to a human rights impact assessment process on our renewable energy projects."

### ***Recycled materials***

"We have started discussions around waste collection in one country in particular, which in turn has led to greater understanding of the risks and the actions to take."

"We have started working on the impacts of recycled materials and thinking about the role of the waste collector."

"We are moving toward an increase in recycled content in our bottles. This means moving to new suppliers, and increasing our reliance on waste pickers. This has implications."

### ***Carbon credits***

"We are buying carbon credits – this should be treated like any other purchase of raw material. What are the risks to people involved here, just like with any other high-risk raw material?"

“We have started looking at the social implications of carbon credit projects – the scrutiny will increase with time.”

## 2B) Risk to people from adaptation

These are the impacts to people that can occur resulting from the actions companies are taking to adapt to the warming climate. FMCG companies are already starting to take adaptation measures, and these measures will increase with time.

### Illustrative adaptation measures for a FMCG company

- Changing sourcing locations to respond to **extreme weather events**
- Changing sourcing markets to **accommodate changes in growing commodities** from rising temperatures
- Changes in sourcing markets to reflect changes needed to offer **climate-friendly diets**
- Relocation of factories to areas **with lower heat stress impacts**
- New **constructions** to adapt to extreme weather events

### Key observations:

- The interviews highlighted that impacts on people from adaptation activities had started – and that these impacts were likely to accelerate with time.
- In particular, a number of respondents discussed that extreme weather events had already impacted some of their sourcing needs. In some instances, extreme weather events had impacted the availability of key commodities, leading to a decision to change sourcing locations.
- Respondents observed that these changes in sourcing markets will also happen as a result of the warming planet. These sourcing changes will happen more progressively, and with time will likely result in disengagement. However, they observed that companies were not yet taking a rights-based approach to these sourcing decisions.
- Respondents also discussed the move towards a new type of diet, which will in turn have repercussions on those who are part of providing for the ‘old diet’. For instance, the shift toward plant-based protein will impact those farmers working with meat protein.
- Respondents observed that these adaptation measures were viewed as business decisions, since they were made to guarantee business continuity. Taking a rights-based approach to these decisions was viewed as newer: this underscores the need to coordinate with the company’s business teams.

### Applying a temporal lens to identify impacts on people connected to companies’ adaptation actions

- By 2030, given the rapid evolution of climate and environmental impacts, combined with other drivers, there will be a growth in adaptation measures taken by companies. Applying a temporal lens to how these adaptation actions can result in risks and impact on people can support in building in appropriate mitigation at the outset.

### **Bucket 2B**

“Another risk we have identified as a group of sustainability professionals relates to the human rights repercussions of shifts in agricultural sourcing. For instance, if we shift sourcing from climate-sensitive crops to climate-resilient crops, this in turn will leave smallholder farmers behind. It might entail a shift from smallholder farmers to large-scale farming. This shift leaves farmers behind.”

“We are moving toward plant-based diets. In this process, we need to support dairy farmers as the need decreases, and their incomes will be impacted. This will be an evolution of diet, not a revolution.”

## PART 8: ROLE FOR AIM-PROGRESS

Part 6 identified four priority areas for the just transition road ahead in the FMCG sector.

### **Four priority areas for the just transition road ahead in the FMCG sector:**

1. The Why – Build knowledge of the drivers for a rights-respecting transition in the FMCG sector
2. The What – Refine the common understanding of what just transition means for the FMCG sector
3. The What in Practice – Delve into what just transition steps can look like in practice, in certain areas of the value chain and in certain locations
4. The Engagement – Engage with affected stakeholders and their proxies, governments, peers, investors and experts who all play a role to make progress

In this Part, we first delve into why AIM-Progress is well placed to advance on this topic, and the possible role AIM-Progress can play, building on the results of this study.

### **The Premise of a Role for AIM-Progress**

The goal of AIM-Progress is to “positively impact people’s lives and ensure respect for human rights, while delivering value to our members and their supply chains.”

In working towards this goal, there are a number of reasons for why AIM-Progress would seek to play a role in supporting members to advance on just transition.

**It is increasingly challenging to distinguish respect for human rights from the inter-connections between human rights, climate and the environment.** As the preceding parts highlight, the connections between these areas are increasingly clear, and will only accelerate with time. It is only a matter of time before AIM-Progress will need to start to play a role on these inter-connections. Starting to play a role now will enable AIM-Progress to help contribute to and shape the field, rather than joining the discussions late, or worse – not join or join too late and start to become irrelevant.

**This study showed that just transition can provide a helpful framework of thinking for AIM-Progress members to consider the inter-connections.** Using this framework will ensure FMCG companies benefit from clear reference points and authoritative guidance, and can contribute to the evolving discussions on this point. This being said, this study also highlighted that a number of AIM-Progress members are not using the concept of just transition, and prefer other terms to capture the inter-connections. AIM-Progress can play a helpful role in ensuring that companies can progress their work, in a way that resonates for them internally, while being able to withstand scrutiny from external stakeholders and meet the desired outcomes.

**The role that AIM-Progress seeks to play can be light-touch in nature, building on the existing work undertaken by members, as well as peers and experts.** As this study has highlighted, there is a significant amount of work being undertaken by companies, investors, governments, civil society, trade unions, and other organisations in this area. As the climate continues to change with growing climate change and other environmental changes, this work will accelerate. AIM-Progress is already advancing on a range of human rights and environmental areas, and already plays a helpful convening and capacity building role on a range of topics. AIM-Progress already has existing structures and offerings to build on, such as events, tools, regional hubs, and working groups. The organisation can look to build on its existing work in a light-touch way, and leveraging the existing work being undertaken by members and others.

**AIM-Progress can play a unique role in building bridges between company practices and strategies, and international expert debates that are amplifying and accelerating.** This study highlighted the concern voiced by some companies that there are two parallel tracks happening in parallel: the political, international and expert discussions on the one hand, and the company discussions on the other. These two discussions appear disjointed to many in the corporate world. By enabling the FMCG companies to make progress on this topic, while making connections with the global expert discussions, AIM-Progress will play an important role in bringing these fields together. In other words, AIM-Progress has a unique role to bridge the gap between company practices and strategies, and international expert debates that are amplifying and accelerating.

**AIM-Progress can help FMCG companies save time, resources, energy – and ultimately reach better outcomes for people and planet – by ensuring they can build on each others' learnings.** This study highlighted the wealth of learnings that are available within companies on this topic. As highlighted at the outset in the Acknowledgements, a number of respondents described their internal discussions and work, noting that this was the first time they were sharing this work with an external party. AIM-Progress can play a role in building comfort levels for companies to cross-share their experiences and learnings, so that in turn they can accelerate progress together.

**AIM-Progress would be delivering on member needs.** This study highlighted that companies are grappling with a number of questions on how to advance on the just transition. A number of those interviewed as part of the process had reflections on the role that AIM-Progress can play, and there have informed the suggestions provided below.

**Time is running out on the ability to play a meaningful role on this topic.** As the scientific studies referenced above highlight, there is little time left for the transition. Ensuring it is just will help ensure the transition can take place. A number of expert commentators observe that as the impacts related to the environment and climate accelerate, it will become increasingly challenging to bring people along. Therefore, they argue that the ability to play a meaningful role on this topic is now.

"If we are to advance on this topic, we need to make the case for our senior leaders. Why is this important and why does action need to take place now – the how can follow."

"It would help us to have the business case for pushing the conversation internally, and how others in the sector are approaching it. In short, the Why and the How would help us advance internally – but this needs to be short and to the point. We don't have time to read lengthy reports."

"It would be really helpful to have guidance on how to include other parts of the value chain into this work. Can we enable cross-sharing of how others are doing this?"

"It's unclear to us what this means in practice: what's expected of us and how are we expected to advance?"

"A growing number of companies are activating the inter-connections and developing a glide path ahead. What's possible in terms of actions and how do we get there – all have human repercussions. Let's further share progress amongst ourselves."

"It's imperative to look at the role of the human rights defender and activist in here. Civic space is being destroyed."

"We need companies to integrate just transition into their 2030 strategies. Can this be part of a sector-wide commitment that AIM-Progress coordinates?"

"What can we learn from other sectors that are relevant to ours, for instance with regard to employees and learnings from the energy sector?"

"The more case studies we can have, the better."

## A Possible Structure

It will be helpful for AIM-Progress to consider how it uses its existing structures to support work on just transition. AIM-Progress has four working groups around human rights identified as members priorities: Grievance mechanisms; Living wage/living income; Responsible recruitment; and Impact measurement. The organisation also has undertaken work on the environment. It has a Human Rights Steering Group to ensure alignment around all work areas and to engage in horizon scanning for new issues as well. For instance, this Steering Group recommended that this study take place.

By its very nature, just transition is a cross-cutting theme which will have implications for most of the organisation's workstreams and groups. To advance on some of the work identified below, there may be some foundational aspects to consider. These could include:

- Naming just transition as a new cross-cutting focus area for AIM-Progress.
- Mandating an AIM-Progress Secretariat member with participating in the relevant work areas and groups, with a specific mandate to explore how connections can be made between human rights and environmental areas of work.
- Tasking each working group with an additional objective: exploring the interconnections between human rights, climate and environment – as relevant to its specific area of focus. For instance:

- The living wage/ living income working group could more specifically focus on how living wage/ living income builds resilience (farmers and workers) for the climate-related changes ahead, while at the same time supporting people to transition.
- The grievance mechanism working group could be broadened to consider how grievance mechanism could be tailored to communities and indigenous communities surrounding company sites.
- The environmental work stream similarly could be expanded to integrate a rights-based approach.
- Establishing a new working group on just transition, which brings together representatives from interested companies (both human rights and climate/ environmental teams), a member of the AIM-Progress Secretariat, and a select number of external stakeholders (experts, civil society voices etc.) as invitees.
- Integrating this work more specifically into the role of the Human Rights Steering Committee, which plays a role of ensuring alignment around all work areas as well as looking to the horizon on human rights trends to keep on the members' watchlist. This just transition work is an example of a horizon issue that will grow in importance for members with time.

The appropriate structure may evolve over time, as AIM-Progress makes progress with its members on this topic.

## Steps Ahead for AIM-Progress

AIM-Progress uses a four-stage maturity framework to target its activities to different levels of maturity on a given area across the membership base. This approach could apply here too.

The four stages of maturity gives an indication of timeline as the four stages (and the action steps within) are broadly sequential. AIM-Progress could for instance envision a 12 month timeline for proposed steps below. At the same time, different companies will progress differently, and AIM-Progress will be best placed to assess specifically how these action steps translate at different times for its membership base.

At a high-level, the four stages of maturity progress run through the foundational 'why' and 'what' questions to more detailed and nuanced applications of 'how' just transition is implemented in different contexts. The four stages are as follows:

- *Launched*: grounding the why and the what.
- *Established*: moving forward with issue-specific and local applications.
- *Integrated*: embedding just transition into existing tools and processes.
- *Leadership*: elevating members' voice and exercising leverage.

Social dialogue and stakeholder engagement is a cross-cutting theme across all four stages. At various stages, the relevant wider stakeholders might include:

- Local and global human rights experts, unions, and other representatives of affected stakeholder groups (e.g. groups working on land rights, Indigenous communities, and farmer rights);
- Experts on just transition, including in others sectors;
- Experts in climate, biodiversity and other environmental issues;

- Companies in other sectors who can share their experiences on just transition;
- National, regional and local governments;
- Investors; and
- Suppliers.

## Launched: grounding the why and the what

AIM-Progress has started its work on just transition, including through commissioning this study. The critical next step will be to build awareness amongst members on the growing importance of the inter-connections between human rights, climate and the environment, and work towards greater clarity on what the just transition means for the FMCG sector. Key actions at this first stage could include the following.

### Building knowledge of just transition and its drivers

This could begin by highlighting the voices of member companies who are further developed in their thinking on just transition, while also providing space for all members to engage. Members would also benefit from external expert voices as well.

AIM Progress' role could entail:

- Compiling a **quarterly update** for members on the latest developments in this field. This could be accompanied by ad hoc or topic-specific updates where particularly timely (e.g., related to COP28).
- Convening **quarterly members discussions** to discuss how members are seeing the drivers evolve, and how they are approaching the topic. (These quarterly discussions can be combined with other discussions, listed below.)
- Engaging with the latest **expert insights** by inviting expert speakers as part of a webinar series. This can be a 45-minute discussion facilitated by AIM Progress online, open to all AIM-Progress members.

This should ideally involve engaging with leading scientists and experts on the environmental, climate, and land use dimensions of the FMCG sector and agricultural value chain. We have provided some reflections below on possible organisations to liaise with.

## Refine the common understanding of what just transition means for the FMCG sector

AIM-Progress could compile an '**FMCG Just Transitions in Practice Toolkit**' to support member companies. This toolkit could include knowledge of (1) the kinds of transitions that are in scope for the sector, (2) the human rights implications of these transitions in the sector, and (3) examples of actions companies are taking to apply a rights-based approach to these transitions. This work can build upon the identification framework put forward in Part 5 of this study. The process of refining the toolkit would be an opportunity to facilitate deeper reflection within and between member companies, as well as to enable engagement with experts and relevant stakeholders within the FMCG value chain.

AIM Progress' role could entail:

- Inviting member contributions as well as expert feedback to **further develop** the 'FMCG Just Transitions in Practice Toolkit', building on this study. This toolkit could then be published to guide companies' thinking, inspire action, and as the basis for exploring opportunities for collaboration.
- Designing typical **value chain(s)** for the FMCG sector with the transitions, risks and possible actions overlaid on top of them. This could build on experiences and insights from others who have conducted a similar exercise. For instance, we have worked with the Cobalt Institute on a similar process, and AIM Progress could engage with the Cobalt Institute to learn from its work mapping out the cobalt value chain to overlay the salient human rights risks and just transition over it.<sup>148</sup>
- Ensuring that the toolkit and value chain mapping work is **tailored to other value chains** relevant to the FMCG sector companies (since this study has primarily emphasised the agricultural value chain).

## Amplifying social dialogue and stakeholder engagement

Given the central importance of social dialogue and stakeholder engagement in just transition work, AIM-Progress can play a role in amplifying these practices. This could entail:

- **Amplifying case studies** that have social dialogue at their heart. These case studies could be profiled in capacity-building events, in any new just transition resources that are developed, or in the living collection of company practices (discussed below).
- **Leading by example** by embedding social dialogue practices into AIM Progress' own approach to just transition work. We give various examples of what this could look like in the recommended action steps. An example is engaging with other sectors, as below.

## Engaging with other sectors and experts on just transition

AIM Progress' role could entail:

- **Engaging with expert organisations** that are coordinating efforts in other sectors – see below for some further reflections on this point.
- **Engaging with other companies** from other sectors – for instance by inviting them to working sessions to present their work on just transition.

<sup>148</sup> Cobalt Institute, "Cobalt Value Chain Mapping", webpage, available <https://www.cobaltinstitute.org/responsible-sourcing/cobalt-value-chain-mapping>.

There are a number of **expert organisations** that are focused on the FMCG sector, and the agricultural sector within that, focused on flesh out what the necessary transitions ahead will entail. This in turn will inform reflections of associated human rights impacts. There are also a number of **experts organisations** focused on further refining what the **just transition** looks like in specific sectors, including the FMCG sector.

In addition, a growing number of international organisations, governments, NGOs and companies are working together to **build an understanding** and **create a set of strategies to implement** a just transition across different initiatives and organisations. Some of these are multi-stakeholder initiatives that foster engagement amongst the different actors involved in the transition. Other initiatives represent one type of stakeholder, like the business-led initiatives where companies are building competency and sharing learnings and experiences to better develop and implement their internal just transition strategies, or workers' unions' initiatives.

AIM-Progress' work on a just transition for the FMCG sector can build on existing expertise and resource, and use pre-existing initiatives as inspiration for what can be done. By its very nature, advancing in the field of just transition necessarily entails engaging with both climate and environmental experts, as well as human rights experts – and those seeking to bridge the fields of practice. The following provides a non-exhaustive list of organisations to consider engaging with further:

- The World Resources Institute
- The Stockholm Resilience Center
- Systemiq
- The Food and Agriculture Organization of the United Nations (FAO)
- Grantham Institute – Climate Change and the Environment
- The Think Lab on Just Transition
- The Just Rural Transition initiative
- The Maritime Just Transition Task Force
- The Cobalt Institute's Environment, Human Rights and Just Transition Learning Group
- The Just Transition Centre
- The Institute for Human Rights and Business
- Shift
- Human Level

### **Established: moving forward with issue-specific and local applications**

At the next stage of maturity, AIM-Progress could help make just transition more concrete for companies through issue-specific and local applications. This builds on the earlier work at the first stage. This could once again entail a light-touch role which facilitates member and expert contributions. It is also grounded in the work AIM-Progress is already doing through its regional hubs. Key actions at this stage could include the following.

## Delve into issue-specific areas of the just transition within company value chains

This work expands on stage one. AIM-Progress can facilitate deeper engagement with high-priority areas relevant to the FMCG sector, for instance by:

- Coordinating **issue-specific working sessions** where a select number of AIM-Progress members come prepared with an update on their work, sharing both the opportunities and challenges they see in this work, as well as lessons learned for other companies to consider.
- Compiling further **case studies to feed into a living and breathing collection** of just transition practice. This collection could be contained on an internal portal. The case studies could take the form of written case studies, as well as videos or interviews. (Since it can be lengthy to compile comprehensive case studies, our experience has been that an interview with a key player outlining the case study can save significant portions of time, and be just as – if not more – effective.)
- Engaging with **specific pilot projects** with member companies to address particular issues, evaluate effectiveness, and report back on learnings.

Based on the findings of this study, AIM-Progress will want to consider the topic of **responsible disengagement** as one of these high-priority areas. AIM-Progress could facilitate specific events, workshops, or even a specific working group focused on responsible disengagement in the just transition context. Other potential focus-areas are those discussed in Part 5 under each risk category.

## Facilitate local context-specific discussions on the just transition

This can build on the work AIM-Progress is already doing with its regional hubs in Asia-Pacific and more recently in Africa. These hubs are already facilitating capability building workshops for suppliers and member companies, running engagement webinars for companies on key issues of local concern, and developing practical toolkits on relevant issues. This work could continue with a just transition lens.

AIM-Progress' role could entail:

- **Engaging with suppliers** to gather challenges and best practices from their particular region.
- **Capacity building events** in the regional hubs focused around just transition in the local context.
- **Inviting** local experts, governmental stakeholders as well as other relevant local stakeholders in the FMCG sector to **discuss next steps** on just transition with suppliers and member companies.
- **Establishing local level working groups** to tailor the toolkit and value chain work to the particular regional context.

## Integrated: embedding just transition into existing tools and processes

One of AIM-Progress' values is to “prioritise practical action, not just conversation, to create lasting change in global supply chains.”<sup>149</sup> At this third stage of maturity, AIM-Progress can help make

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<sup>149</sup> AIM-Progress, “An Introduction” (January 2023), at 7, available at [https://www.aim-progress.com/storage/resources/AIM-PROGRESS\\_Main%20presentation%20-%20January%202023%20-%20EXTERNAL2.pdf](https://www.aim-progress.com/storage/resources/AIM-PROGRESS_Main%20presentation%20-%20January%202023%20-%20EXTERNAL2.pdf).

just transition more concrete and actionable for companies by translating the learnings from this study and subsequent learnings into relevant toolkits and guidance on process implementation.

This could include standalone guidance on just transition in some contexts. However, this study also highlighted the importance of integrating learnings into specific, existing tools and processes. We recommend leaving this work to the third stage so that it can benefit from the work done at earlier stages in fleshing out the just transition framework and applying it to specific contexts and issues relevant to member companies. Key actions at this stage could include the following.

## The Responsible Sourcing Journey

The Responsible Sourcing Journey provides a pathway for members and suppliers towards enhanced implementation of responsible sourcing programmes.<sup>150</sup> The journey is currently applicable to the four pillars of responsible sourcing: human rights & labour standards, health and safety, environment and business ethics. In light of the framework's role of helping companies "better manage social and environmental impacts, integrating companies' implementation of the [UNGP]s and the [SDGs]"<sup>151</sup>, and the growing inter-connections between these impacts, it would be helpful to consider how the framework can be adapted to reflect these inter-connections.

The range of discussions happening within companies on how to integrate just transition into company strategies is illustrative here: there are three options ahead.

The climate and environmental lens could be more specifically integrated into the human rights and labour standards pillar, the risks to people lens could be integrated into the environment pillar, or a fifth pillar could be created which captures the inter-connections between the human rights & labour standards, and the environment pillar.

Our work here and elsewhere underscores the importance of breaking down silos to fully advance on this topic, and therefore a preferable solution is one that seeks to bring human rights and environmental colleagues together, in a fresh setting. The option of creating a fifth pillar focused on inter-linkages would more fully enable this, and could be positioned as a pillar that cuts through the other four pillars, rather than a stand-alone pillar. The area is also of relevance for the other two pillars, for instance with the rise in health and safety hazards and heat stress resulting from climate change.

## The Business Toolkit

The Business Toolkit aims to help members make the business case with their suppliers for implementing responsible sourcing practices.<sup>152</sup> This toolkit could be amended to include a new chapter on the just transition, or a new section could be published that sits alongside the toolkit which brings together the various areas in the toolkit (in particular related to the health and safety, worker cooperation and communication, workforce management, environment and land rights chapters).

<sup>150</sup> AIM-Progress, "Responsible Sourcing Journey" (May 2022), available at [https://www.aim-progress.com/storage/resources/AIM\\_Progress\\_Responsible\\_Sourcing\\_Journey\\_2022\\_VFinal.pdf](https://www.aim-progress.com/storage/resources/AIM_Progress_Responsible_Sourcing_Journey_2022_VFinal.pdf).

<sup>151</sup> At 4.

<sup>152</sup> AIM-Progress, "Business Toolkit" (March 2018), available at <https://aim-progress.com/storage/resources/Business%20Toolkit%20full%20final%2015th%20March%202018.pdf>.

## Training and other capacity building tools

AIM-Progress has explored the possibility of developing tools and guidance materials for engaging senior leaders and procurement teams on climate change/ human rights; and delivering training to members based on level of maturity. Indeed, the four levels of the maturity framework – which is familiar to member companies – could be helpfully adapted to break down key progress steps in the just transition journey. For instance, at a high-level this could run along the following lines:

- **Launched:** starting internal discussions on the inter-connections between the environment, climate and human rights; beginning to share examples across human rights and climate/environmental teams.
- **Established:** publicly committing to a just transition and/or to taking action on risks to people from climate and environmental impacts, as well on human rights risks associated with climate and environmental action. This would be accompanied by a mapping of possible risks to people, taking a full value chain perspective and including over the longer-term.
- **Integrated:** embedding this integrated and longer-term view of risks to people into human rights due diligence processes.
- **Leadership:** exercising pro-active leverage to influence other business partners, governments, and other stakeholders to take steps forward on just transition.

This framework could also be developed to provide more specific action steps and maturity pathways for each of the transitions identified in this report.

## An integrated Environmental and Human Rights Due Diligence Framework

AIM-Progress has been considering the development of an environmental and human rights due diligence framework. This study reinforces the helpfulness of clarifying what it means to conduct integrated environmental and human rights due diligence framework. This work can build on specific case studies and learnings companies have, while grounded in the UNGPs and evolving regulatory developments. In particular, it can build on the framework laid out in the table of transitions, which will ideally be further fleshed out by member companies.

## The Mutual Recognition Framework

AIM Progress could consider how to integrate consideration of the inter-connections between climate, the environment and human rights into its Mutual Recognition of Audits work. The following provides suggestions to consider, following the headings from AIM-Progress' Mutual Recognition of Audits document.

### **Acceptable Audit Coverage Changes**

AIM-Progress could facilitate a conversation with members as well as Sedex (4Pillar SMETA) to explore how the coverage of acceptable audits might need to be refined to capture the direction of travel with risks. For instance, just transition could be added as a stand-alone key topic area, or the principles of just transition could be integrated into other topics.

Examples of the kinds of areas one would expect auditors to delve into adopting a just transition lens include:

- How the supplier is considering localised impacts on their workers and other affected stakeholders by virtue of the warming planet and other local environmental issues. This entails bringing in a longer-term perspective on impacts.
- Whether the supplier's climate and environmental actions meet science-based targets and conform with leading practice – including beyond climate to encompass other areas of concern such as biodiversity and plastic pollution.
- Whether the supplier is evaluating how its climate and environmental actions could have repercussions on people, and what the supplier is doing about these.

These changes could be made gradually over time, initially building on the existing categories and questions. For instance, consideration could be given to strengthening the just transition angle within several of the existing areas, such as governance, grievance mechanism, land rights, non-discrimination and environmental compliance. This review should also take into account the possibilities that local law, which is included as part of the audit coverage, run counter to just transition imperatives—for instance, where land rights are not adequately recognised.

Over time, AIM-Progress could facilitate discussion for members to consider and possibly align on broader modifications, which better enable suppliers to understand the interconnections between human rights, climate and environmental areas. This could entail:

- AIM Progress members making changes to their own audit protocols; and/or
- liaising with SMETA to explore changes to 4-Pillar audits.

This second option opens up the possibility of exercising collective leverage to socialise just transition principles more widely.

### **Acceptable Auditor**

These changes to the scope of the audit coverage will entail auditors needing to ask new questions, possibly in areas that are newer to them. Therefore, changes to the scope of audits would be combined with a reflection of how to build capacity of auditors to undertake this work. Possible next steps include:

- Initiating conversation with APSCA on whether and how they are starting to look at the just transition (as AIM-Progress currently recommends that audit companies are APSCA registered and/or certified).
- Initiating conversations with the accrediting bodies for audit firms that are recognised by AIM Progress, including APSCA, FLA, ICTI, WRAP and SAI.

These conversations could trigger helpful work within these organisations to advance on integrating this into their own work.

### **Audit Process**

Over time, AIM-Progress could work to include a stronger focus on stakeholder engagement and social dialogue with relevant stakeholders for the just transition, as part of this audit process. This could include requirements:

- To engage with individuals beyond workers, such as neighbouring communities, unions, and indigenous peoples where relevant.
- To engage with broader stakeholder groups who may have deeper knowledge of the operating context, such as civil society groups, human rights defenders, and local government.

To prevent this from becoming too time and resource intensive for each audit, there could be provision for audits from the same regions to 'share' some of these broader social dialogue requirements. AIM-Progress, together with its members, could play a role in convening and coordinating panels of key local stakeholders as the starting point for these broader stakeholder engagement in each area.

## **Leadership: elevating members voice and exercising leverage**

At this final stage of maturity, member companies will have developed their own thinking and practice on just transition to the point where they are willing and able to exercise leverage more creatively. This includes engaging with Governments, investors, and other sectors, to push forward just transition in these contexts. Where possible, this work can build on existing initiatives, including those listed in [Annex A](#). Key actions at this stage include:

- **Engaging with other sectors**, by inviting companies or expert organisations to share their experiences and finding ways to contribute learnings from the FMCG sector to other sectors as relevant.
- **Engaging with governments**, including through coordinated advocacy work, contributing to developing regulation, and ongoing discussions on relevant issues relating to just transition.
- **Engaging with investors** by facilitating discussions between member companies and the investment community over the common cause of scaling-up investment into just transition work.

### **Engaging with other sectors**

AIM Progress' role could entail:

- Establishing or participating in a **cross-sector working group** where several AIM-Progress members collaborate with companies from other sectors, and experts in those sectors, members to share insights and best practices on just transition in different sector.
- **Publishing and sharing the work** AIM-Progress has done on just transition, including its just transition toolkit for the FMCG sector, its work on value chain mapping, and its collection of company practices.

## Building and exercising leverage with governments

AIM Progress' role could entail:

- **Capacity building and peer learning** for member companies on how to engage in broader joint advocacy around just transition themes, including on how to build effective coalitions and engage strategically with relevant governments. AIM-Progress has already identified this as a possible area of focus.
- **Coordinating advocacy work** with interested members, including calls to government on the need for a just transition.
- A working group of members to **develop common positions** with respect to emerging regulation related to just transition.
- Initiating discussions with Governments, especially in developed contexts, including around the urgent need to **scale up funding** for just transition.
- Building on the work of the **regional hubs** to engage in conversations with governments in those contexts around key issues of concern.
- Collaborating with other organisations during **COP28** to advocate for 'putting people at the heart of climate action' (as AIM-Progress has already identified as a potential activity.)

## Exercising leverage to highlight the need for public and private investment

AIM Progress can be a major force for public policy advocacy in this critical area. For instance, its role could entail:

- Bringing together **member companies and the investment community** in finding a purposeful strategy for scaling up private investments and tackling obstacles.
- **Joining forces with private investors and other stakeholders** in engaging with governments, international finance institutions and other actors to drive public and blended investment solutions and public policy that will drive private investments.
- **Exploring possible partnerships** with various private-led initiatives including: the Glasgow Financial Alliance for Net-Zero;<sup>153</sup> the &Green Fund;<sup>154</sup> the International Finance Organisation's Managed Co-Lending Portfolio Program, MCPP One Planet;<sup>155</sup> and the Principles for Responsible Investment (PRI).<sup>156</sup>

## Proposed Timeline

Both COP28 and the next UN Annual Forum on Business and Human Rights take place in October and November this year (2023). This is a useful milestone for AIM-Progress to work towards in its just transition work. AIM-Progress can showcase its progress at both these forums to invite feedback, explore opportunities for collaboration, and inspire others. The following broad timeline may be helpful to consider moving forward.

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<sup>153</sup> Glasgow Financial Alliance for Net-Zero, website homepage, available at <https://www.gfanzero.com>.

<sup>154</sup> &Green Fund, website homepage, available at <https://www.andgreen.fund>.

<sup>155</sup> International Finance Organisation, "Managed Co-Lending Portfolio Program", webpage, available at [https://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/syndications/sa-product/portfolio-syndications](https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/syndications/sa-product/portfolio-syndications).

<sup>156</sup> See in particular their Investor Working Group on Sustainable Commodities: Principles for Responsible Investment (PRI), "Sustainable land use", webpage, available at <https://www.unpri.org/sustainability-issues/environmental-social-and-governance-issues/environmental-issues/sustainable-land-use>.

## March-October 2023

The suggested initial focus is on stage one, grounding the *why* and the *what*, as well as some of the work of stage two. AIM-Progress can then share this work in the context of COP28 and the UN Annual Forum. Possible action steps are listed below.

<b>March-May</b>	<ul style="list-style-type: none"> <li>• Launch the quarterly updates.</li> <li>• Convene a members' discussion to share the results of this study, discuss the growing inter-connections, and discuss just transition drivers.</li> <li>• Organise one or two events based around expert insights on just transition in the FMCG sector. This should ideally involve engaging with leading scientists and experts on the environmental, climate, and land use dimensions of this sector.</li> <li>• Establish a just transition working group.</li> </ul>
<b>June-August</b>	<ul style="list-style-type: none"> <li>• The just transition working group invites member and expert contributions to build on this study and work towards fleshing out the FMCG Just Transitions in Practice Toolkit</li> <li>• Organise an event on social dialogue in just transition work.</li> <li>• Begin just transition discussions in the regional hubs.</li> </ul>
<b>August-October</b>	<ul style="list-style-type: none"> <li>• The just transition working group seeks further feedback from just transition experts and companies from other sectors.</li> <li>• Organise events based around an exchange of learnings between sectors on just transition.</li> <li>• Begin collecting relevant case studies of best practice from member companies.</li> </ul>
<b>COP28 and the UN Annual Forum</b>	<ul style="list-style-type: none"> <li>• Present the findings of the work so far, in particularly the toolkit, value chain, and collection of case studies, as well as highlighting that the process undertaken was based on social dialogue.</li> <li>• Invite feedback and explore opportunities for collaboration.</li> </ul>

## October 2023-May 2024

After the two forums, the following 6 months could focus on stages two and three: moving forward with issue-specific and local applications and embedding just transition into existing tools and processes. The relevant action steps are listed under those headings above.

## May-October 2024

In the lead up to COP29 and the UN Annual Forum in 2024, the goal for AIM-Progress could be to get into the position where it can play a more public advocacy role and exercise the collective leverage of its membership base on just transition. Therefore, the focus of this period could be on the action steps listed under stage 4 ('elevating members voice and exercising leverage').

## ANNEX A: JUST TRANSITION INITIATIVES

The following list aims to be illustrative of examples of just transition initiatives and collaborations in the private and public sectors.

### Multi-stakeholder initiatives

- **The Just Rural Transition initiative brings together food producers, governments, businesses, investors, civil society, rural and indigenous peoples to find and lead equitable solutions to food systems challenges.**<sup>157</sup> It was launched at the 2019 UN Climate Action Summit to support and amplify innovative and ambitious policies, investments, and multi-stakeholder solutions that deliver positive outcomes for people, planet, and economies.

The initiative operates under 5 principles that track the desired transformations for a just rural transition: (1) “Developing aspirational, long-term targets and pathways to align food production, national dietary guidelines, agriculture and land use, forests and water with sustainable development and climate goals;” (2) “Strengthening land use planning and governance to manage competition and trade-offs across different land uses, support indigenous and community land tenure;” (3) “Implementing policy, fiscal, and regulatory reform to enable and accelerate the transition to resilient and sustainable food and land use;” (4) “Prioritising greater investment in insurance, innovation, and agricultural research and development to help local and indigenous communities and vulnerable populations build resilience;” and (5) “Embedding a strong focus on job creation, equity, and social justice within the transition to sustainable food systems, just land use, and the provision of sustainable and healthy diets.”

The Just Rural Transition Initiative is endorsed by national governments, International Financial and agricultural Knowledge Institutions, NGOs, and companies in the agricultural sector. Some of the companies endorsing it include Barry Callebaut, ECOM Agrotrade Limited, Green Agro Solution PLC, Husk Power Systems, Javara, Mars, Nestlé, Unilever and Yara International.

- **Think Lab on Just Transition is delving into what it means for companies in different sectors to implement a just transition.**<sup>158</sup> The Think Lab on Just Transition is an initiative led by the United Nations Global Compact to enable the private sector’s support to the UN Secretary-General’s vision on a just transition. Launched during COP26, with support of the ILO and the International Trade Union Confederation (ITUC), the Think Lab on Just Transition is anchored in the Ten Principles of the UN Global Compact, which cover the areas of human rights, labour, environment and anti-corruption, the 2030 Agenda and the International Labour Organization’s (ILO) Just Transition Guidelines. It builds on efforts such as the ILO’s Just Transition Innovation Hub and the ITUC’s Just Transition Centre to unravel the rationale of what it means for a company’s business strategy to support and engage in a just

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<sup>157</sup> Just Rural Transition, website home page, available at <https://justruraltransition.org>.

<sup>158</sup> United Nations Global Compact, “Think Lab: Just Transition”, available at <https://unglobalcompact.org/take-action/think-labs/just-transition>.

transition. Additional objectives of the Think Lab include addressing key business challenges to the implementation of a just transition; the identification of advocacy opportunities and good business practice; and the scaling up of learnings into time-bound future programmes to ground the just transition across sectors and regions. AIM-Progress members Nestlé and Unilever are participants in the Think Lab representing the ‘food producers’ sector.<sup>159</sup>

- **The Maritime Just Transition Task Force is co-creating a just transition strategy for the shipping sector that has seafarers at the centre.**<sup>160</sup> The Maritime Just Transition Task Force is a sector-specific initiative by the UN Global Compact that aims to develop and coordinate the shipping sector’s approach to the just transition by fostering collaboration between governments, industry, workers, academia. The initiative was set up during COP26 in Glasgow by 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), to ensure that the shipping sector’s response to the climate emergency puts seafarers at the heart of the solution, and is grounded in the ILO’s Just Transition principles. In the first phase of its approach – “Phase 1: Mapping a Maritime Just Transition for Seafarers” – the Task Force commissioned a report to identify the skills that the 2 million seafarers will need to develop for a decarbonized shipping industry, and developed a 10-point-action plan with recommendations for international organizations, industry, workers and academia.

## Peer-learning and collaboration initiatives

- **The Cobalt Institute is fostering peer-engagement and education to implement a just transition in the cobalt sector grounded in respect for human rights.**<sup>161</sup> The Cobalt Environment, Human Rights and Just Transition Learning Group (Cobalt Learning Group) is an initiative led by the Cobalt Institute, facilitated by Human Level, to promote the implementation of human rights and environmental due diligence for companies, in light of what a just transition expects of cobalt companies. As a key mineral in the lithium-ion batteries that power electric vehicles, cobalt will be essential in the transition to net-zero greenhouse gas (GHG) emissions during the next decades. The Cobalt Learning Group aims to expedite the integration of human rights and environmental considerations in the mining, processing, transportation, use and recycling of cobalt, as well as to develop the capacity for companies to integrate meaningful stakeholder engagement and collaboration into their strategy, decision-making, operations and project planning. The Cobalt Learning Group is open to companies who are members of the Cobalt Institute.

**Energy for a Just Transition is fostering collaboration and peer-learning for a just transition in the energy sector.**<sup>162</sup> Energy for a Just Transition is a business-led collaboration

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<sup>159</sup> As of June 2022.

<sup>160</sup> United Nations Global Compact, “Maritime Just Transition Task Force”, available at <https://unglobalcompact.org/take-action/think-labs/just-transition/about>. Both the report and 10-point action plan referred to below are available from this webpage.

<sup>161</sup> Cobalt Institute, speech by Susannah McLaren, Head of Responsible Sourcing & Sustainability, “Green, Equitable and Just Transition: Cobalt’s Role in Transitioning to a Net Zero World in a Rights-Respectful Manner” (2022), available at <https://www.cobaltinstitute.org/news/green-equitable-and-just-transition-cobalts-role-in-transitioning-to-a-net-zero-world-in-a-rights-respectful-manner>.

<sup>162</sup> BSR, “Collaborative Initiatives: Energy for a Just Transition”, available at <https://www.bsr.org/en/collaboration/groups/energy-for-a-just-transition-collaboration>.

led by BSR and The B Team that brings together companies in the energy sector to discuss potential business action initiatives for a worker- and community-centered just transition to a net-zero economy. Some of the objectives of this work include: (1) advancing the energy sector's approach to the just transition by understanding stakeholder expectations; (2) fostering engagement among peers in the energy sector to achieve goals through collective action; (3) supporting the operationalization of the just transition internally within companies; (4) enhancing corporate disclosure and reporting on the efforts to achieve a just transition; and (5) building expertise through knowledge sharing among members. To join the group, companies must have a public commitment to being net-zero by 2050 at the latest, backed up by an internal climate transition plan and short-term decarbonization targets, in line with the Paris Agreement; and a commitment to a just, fair, and equitable transition that is achieved by: respecting human rights, conducting social dialogue with workers, and meaningfully engaging with stakeholders.

- **The International Community for Local Smart Grids is fostering dialogue with communities on the transition smart grids in the electricity sector.**<sup>163</sup> The International Community for Local Smart Grids (ICLSG) is an initiative led by the University of Oxford to foster discussion and collaboration around the challenges and opportunities of the energy sector's transition to smart energy grids. Founding partner companies include Scottish and Southern Electricity Networks (SSEN) Distribution (part of the SSE group), Ausgrid and the Enel Group, and they will be fostering community energy groups and electricity networks in Oxford, Sydney, Rome and Tokyo. The initiative will last for five years and will explore the relationship between communities and smart grids: "From ensuring electric vehicles can connect, to supporting the electrification of heating, to helping customers become electricity generators of their own; we're planning now for how we'll power communities to decarbonise in a smart, secure and fair manner at a time they need and wish to" (Chris Burchell, Managing Director of SSEN Distribution).

## Worker-led initiatives

- **The Just Transition Centre has been bringing workers and businesses together to discuss a just transition since 2016.**<sup>164</sup> The Just Transition Centre was established by the ITUC and its partners in 2016 to ensure that workers participate in the design of a transition to net-zero. The centre brings together workers, unions, businesses and governments "in social dialogue and stakeholder engagement with communities and civil society" to ensure that the future and livelihoods of workers and working communities are considered in the transition to a low-carbon world. Among other actions, the Centre documents best practice in social dialogue processes and supports communities, companies and governments in starting and maintaining social dialogue processes, with participation from investors and experts.

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<sup>163</sup> SSE, "New global smart grid partnership launched to unlock local solutions to climate change" (27 October 2021), available at <https://www.sse.com/news-and-views/2021/10/new-global-smart-grid-partnership-launched-to-unlock-local-solutions-to-climate-change>.

<sup>164</sup> International Trade Union Confederation (ITUC), "Just Transition Centre", webpage, available at <https://www.ituc-csi.org/just-transition-centre>.

- **Representing workers' views for a just transition in the energy sector.** The Just Transition and the Energy Sector initiative is an initiative launched in 2022 by the International Trade Union Confederation (ITUC), representing 200 million workers globally; LO Norway, representing almost half on the Norwegian workforce, including oil and energy sector workers; and IndustriALL Global Union, representing most of the world's organized energy sector and industrial workers. Its aim is to support workers in the energy sector as they work towards a just transition, and to address the impacts of climate change and climate action – especially the loss of high-quality jobs. To do so, the initiative will (1) crowdsource information on the changes that are coming in the energy sector and their impacts on workers, and (2) foster tri-partite dialogue between governments, companies and workers' unions to “enforce global decent jobs and Just Transition agreements between oil and gas companies and trade unions.” Their latest report can be found in the footnote below.<sup>165</sup>

## Resource centres

- **World Resources Institute's Just Transition and Equitable Climate Action Resource Center.**<sup>166</sup> The World Resources Institute (WRI) has created an online resource centre for companies and governments that gathers and highlights initiatives in which workers and communities benefit from the transition to a net-zero economy. The centre classifies initiatives by region and sector.
- **The Just Transition Initiative** is a project developed by the Energy Security & Climate Change Program at the Center for Strategic and International Studies (CSIS) and the Climate Investment Funds (CIF) to gather resources and investigate how to achieve a just transition while we address climate change. The initiative has a resource library with case studies and relevant reports,<sup>167</sup> and has provided its own analysis of what a just transition requires by integrating existing understandings and practice in its Just Transitions Framework.<sup>168</sup>
- **The Human Level Empower Hub** is a content hub provided by Human Level which highlights relevant resources for companies from all sectors – with a particular emphasis on the energy, agricultural, mining and apparel sectors – on the inter-connections between climate, the environment and human rights, including the just transition. The Content Hub provides summaries of relevant resources on a weekly basis.<sup>169</sup>

## Industry benchmark

<sup>165</sup> International Trade Union Confederation (ITUC), “Just Transition and The Energy Sector: 2022 roundup” (2022), available at [https://admin.industriall-union.org/sites/default/files/uploads/images/FutureOfWork/JustTransition/v7\\_final\\_report.pdf](https://admin.industriall-union.org/sites/default/files/uploads/images/FutureOfWork/JustTransition/v7_final_report.pdf).

<sup>166</sup> World Resource Institute, “Just Transition and Equitable Climate Action Resource Center”, webpage, available at <https://www.wri.org/just-transitions>.

<sup>167</sup> Just Transition Initiative, “Resource Library”, webpage, available at <https://justtransitioninitiative.org>.

<sup>168</sup> Just Transition Initiative, “About Just Transitions: Just Transition Framework”, webpage, available at <https://justtransitioninitiative.org/about-just-transitions>.

<sup>169</sup> Human Level, “Empower Hub”, available at <https://www.wearehumanlevel.com/content-hub>.

- **The World Benchmarking Alliance's Just Transition Assessment is benchmarking companies on their publicly reported strategies to foster a just transition.**<sup>170</sup> In 2021, the World Benchmarking Alliance (WBA) conducted an assessment of how companies were integrating social elements into their transition to a low-carbon future. The 2021 assessment covered 180 companies across three sectors: oil and gas companies (100), electric utilities (50) and automotive manufacturers (30), and was based on the companies' publicly available disclosures, which were assessed against WBA's core social indicators and their just transition indicators. In its upcoming 2023 edition, the assessment aims to cover 450 companies from more sectors, employing around 24 million people.

## Government-led initiatives

- **The European Union's Green Deal.** The European Commission has been proposing a set of climate, energy, transport, and tax policies aimed at preparing the European Union to reduce net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. Some policies apply to all sectors while others target specific sectors like energy, agriculture, construction, finance, and transport. The cornerstone policies of the project address cross-cutting issues such as fossil-fuel dependency, climate change, deforestation, the environment and oceans, working opportunities, and human rights. The EU Green Deal strategy is akin to a just transition strategy for Europe, with the express goal of creating a new economic model that will produce more jobs and growth, while reducing emissions, tackling climate change, cleaning the energy system, and boosting global climate action. The European Commission's webpage on the Green Deal has additional information and a historical list of all associated policies.<sup>171</sup>
- **The European Commission's Just Transition Mechanism (JTM).** The European Commission has developed a set of strategies and plans to help governments, companies and communities in the European Union transition to a net-zero economy "in a fair way, leaving no one behind." What this means is that the European Commission: has created a Just Transition Fund to finance territorial just transition plans developed in dialogue with the Commission; established a Just Transition Platform to provide advice and technical support to EU countries and regions; will implement an InvestEU 'Just Transition' scheme to direct investments to private just transition initiatives; and will provide additional public loans through the European Investment Bank.<sup>172</sup>
- **The Just Transition Initiative to Address Climate Change in the African Context.** The African Development Bank Group and the Climate Investment Funds (CIF) launched an initiative in 2021 to "further understand the role of a just transition and its ability to address climate change in the African context." The initiative understands the just transition as an opportunity for development, with opportunities with environmental sustainability, social

<sup>170</sup> World Benchmarking Alliance (WBA), "Just transition", webpage, available at <https://www.worldbenchmarkingalliance.org/just-transition>.

<sup>171</sup> European Commission, "A European Green Deal: Striving to be the first climate-neutral continent", webpage, available at [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en).

<sup>172</sup> European Commission, "The Just Transition Mechanism: making sure no one is left behind", webpage, available at [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism_en).

equity and economic prosperity for the region. The African Development Bank Group defines the Just Transition as “a framework for facilitating equitable access to the benefits and sharing of the costs of sustainable development such that livelihoods of all people, including the most vulnerable, are supported and enhanced as societies make the transition to low carbon and resilient economies.”<sup>173</sup>

- **Scotland’s Just Transition Commission.** The **Scottish government** established the first Just Transition Commission in 2018. The Commission was tasked with providing practical independent advice on maximising the economic and social benefits of decarbonising Scotland, while managing the risks and challenges.<sup>174</sup> The first Commission made a several of recommendations to Government, including the establishment of a Ministerial Just Transition post.<sup>175</sup> A second Just Transition Commission was convened in early 2022, with the remit to provide scrutiny and advice on the Scottish Government’s sectoral and regional just transition plans. They have published an initial report setting out their strategic priorities.<sup>176</sup>
- **Just Transition to Net Zero Wales & the Towards a Just Transition in Wales Project.** The Welsh Government is holding a public consultation until March 2023 to seek public input to “inform the development of Wales’ decarbonisation pathway to Net Zero” and the development of a Just Transition Framework for Wales.<sup>177</sup> Additionally, The Wales Centre for Public Policy (WCPP) has been undertaking research and consultations with experts and stakeholders to determine what the implementation of a just transition might look like in Wales.<sup>178</sup>
- **The Just Transition Taskforce** is an initiative founded by Scottish Government and Climate Group, as Secretariat of the Under2 Coalition, to provide engagement among national and regional governments around the development and implementation of their just transition plans. Members include the following regions or states: California (United States), Gauteng (South Africa), Isle of Man (United Kingdom), Maharashtra (India), Mato Grosso (Brazil), North Bank Region (The Gambia), Québec (Canada), Scotland (United Kingdom), Wales (United Kingdom), Washington (United States) and Western Cape (South Africa). Together, they are identifying opportunities for collective and individual action.<sup>179</sup>

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<sup>173</sup> African Development Bank Group, “Just Transition Initiative to Address Climate Change in the African Context”, webpage, available at <https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/climate-investment-funds-cif/just-transition-initiative>.

<sup>174</sup> Scottish Government, “Just Transition Commission”, webpage, available at <https://www.webarchive.org.uk/wayback/archive/20210111123819/https://www.gov.scot/groups/just-transition-commission>.

<sup>175</sup> Just Transition Commission, “A national mission for a fairer, greener Scotland” (2021), available at <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2021/03/transition-commission-national-mission-fairer-greener-scotland/documents/transition-commission-national-mission-fairer-greener-scotland/transition-commission-national-mission-fairer-greener-scotland/govscot%3Adocument/transition-commission-national-mission-fairer-greener-scotland.pdf>.

<sup>176</sup> 2nd Just Transition Commission “Making the Future – Initial Report of the 2nd Just Transition Commission” (2022), available at <https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2022/07/making-future-initial-report-2nd-transition-commission/documents/making-future-initial-report-2nd-transition-commission/making-future-initial-report-2nd-transition-commission/govscot%3Adocument/making-future-initial-report-2nd-transition-commission.pdf>.

<sup>177</sup> Welsh Government, “Just Transition to Net Zero Wales”, webpage, available at <https://www.gov.wales/just-transition-net-zero-wales>.

<sup>178</sup> Wales Centre for Public Policy, “Towards a just transition in Wales”, webpage, available at <https://www.wcpp.org.uk/project/towards-a-just-transition-in-wales>.

<sup>179</sup> The Climate Group, “Just Transition Taskforce”, webpage, available at <https://www.theclimategroup.org/just-transition-taskforce>.

- **Vietnam's Just Energy Transition Partnership.** The Government of Vietnam and the International Partners Group, which includes the governments of United Kingdom, France, Germany, the United States, Italy, Canada, Japan, Norway and Denmark, have agreed to mobilise \$15.5 billion to support Vietnam's Net-Zero 2050 goal. The agreement between the parties states the need to emphasize the "economic and social opportunities of Vietnam's low carbon transition" and states that one of the objectives of the investments will be to "develop and implement educational, vocational training and re-skilling programmes to develop necessary skills and competencies and support job creation for labour in sectors and regions affected by the transition, as well as other forms of support to ensure better living conditions for workers after the transition."<sup>180</sup>

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<sup>180</sup> UK Government, "Policy Paper: Political declaration on establishing the Just Energy Transition Partnership with Viet Nam" (14 December 2022), available at <https://www.gov.uk/government/publications/vietnams-just-energy-transition-partnership-political-declaration/political-declaration-on-establishing-the-just-energy-transition-partnership-with-viet-nam>.

## ANNEX B: DESKTOP REVIEW OF AIM-PROGRESS MEMBERS AND THE JUST TRANSITION

Annex B provides the results of the desktop review of what companies are saying publicly on just transition, and the interconnections between environment, climate and human rights. The desktop review involved:

- A word search of ‘transition’, ‘just transition’ and ‘equitable transition’ on all member companies’ websites as well as their latest sustainability/ ESG reports.
- A deeper review of the policies, websites, public statements, and ESG or sustainability strategies of a select number of member companies.

The review shows that the member companies are starting to speak more about the just transition, and are incorporating references to the interconnections into their public material, policies and strategies.

### References to ‘just transition’

The term ‘transition’ is widespread. Many member companies speak of ‘transitions’ in the context of their climate action plans: “transitioning to a low carbon business”, for instance.<sup>181</sup> The word transition is also frequently used to describe other kinds of environmental transitions. Examples include the “transition from conventional farming to more sustainable solutions,”<sup>182</sup> or the transition “of packaging to recyclable or industrially compostable designs and materials.”<sup>183</sup>

When it comes to the ‘just transition’, the word search review of all AIM-Progress members found that five companies have publicly communicated the term ‘just transition’ or ‘equitable transition’ on their websites or in their ESG/ sustainability reports. These are Nestlé, PepsiCo, Associated British Foods (ABF), Kimberly Clark and Unilever.

- Nestlé uses the term extensively in its public materials and often in close connection with ‘regenerative agriculture’. The company first used the term in its Net-Zero Roadmap released in February 2021, and just transition is referenced 16 times in their 2021 Creating Shared Value and Sustainability Report,<sup>184</sup> including twice in the opening message from the Chairman and CEO. It is referenced three times in the company’s 2021 Annual Review,<sup>185</sup> and in multiple pages across the company’s website. (Additional text below delves further into the company’s use of the term as part of its February 2021 net-zero roadmap which

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<sup>181</sup> Britvic, “Annual Report and Accounts” (2022), at 34, available at <https://www.britvic.com/media/ex5lisyd/britvic-annual-report-and-accounts-2022.pdf>.

<sup>182</sup> ADM, “Moving Fruit and Tea Farms Forward with Sustainable Sourcing Certifications”, webpage, available at <https://www.adm.com/en-us/news/adm-stories/moving-fruit-and-tea-farms-forward-with-sustainable-sourcing-certifications>.

<sup>183</sup> Campbell’s Soup Company “Corporate Responsibility Report” (2022), at 13, available at <https://campbellsoupcompany.com/wp-content/uploads/2022/03/2022-Corporate-Responsibility-Report.pdf>.

<sup>184</sup> Nestlé, “Creating Shared Value Sustainability Report” (2021), available at <https://www.nestle.com/sites/default/files/2022-03/creating-shared-value-sustainability-report-2021-en.pdf>.

<sup>185</sup> Nestlé, “Annual Review” (2021), available at <https://www.nestle.com/sites/default/files/2022-03/2021-annual-review-en.pdf>.

states that: “People will be at the heart of our climate actions. We strive to ensure that our initiatives promote a just transition toward a regenerative food system for all.”<sup>186</sup>)

- PepsiCo references just transition on its climate change webpage, stating that they “strive to support a Just Transition” for vulnerable groups affected by climate change, “maximizing the social and economic opportunities stemming from our Climate Action Strategy, while minimizing and carefully managing the risks.”<sup>187</sup>
- ABF recently included the term in its 2022 Responsibility Report. In a section on climate change, the company states: “For us, achieving a just transition to net zero is imperative”, which means they need to “balance the social and environmental factors.” The company later speaks of a just transition which “protects the planet as well as the welfare of our employees and people in our value chain” and ensures “the substantial benefits of a green economy transition are shared widely, while also supporting those who stand to lose economically.”<sup>188</sup>
- Kimberly Clark has the term included in its 2030 Strategy, in quoting the words of an external expert, the CEO of Forum for the Future: “we need a just transition to a more sustainable future, so it’s exciting to see such strong focus in these pages on human well-being, from a business with so many touchpoints to health.”<sup>189</sup>
- Unilever uses the term in a blog posted on its US website, which summarises interviews with the company’s Climate Action Global Sustainability Managers. When setting out asks of governments in terms of climate action, the blog states: “There needs to be overall systems transformation, incorporating everything from land use change to adaptation and the need for a just transition. It’s about taking people with us as we go on this journey and determine what kind of economy and society we want to transition to.”<sup>190</sup> Unilever’s then CEO, Paul Polman, also co-authored an article titled ‘A changing climate for jobs’ which asks: “What does a just transition look like? It should encourage all companies to plan ahead for decarbonisation, ensure that workers have the opportunities and skills required to take on new jobs, enable employees to plan for the future, and invest in community renewal.”<sup>191</sup>
- While it does not use the term just transition, TetraPak speaks of the need for a “sustainability transition, in both its own and wider corporate practice, based on strong science, strong economics and a strong commitment to social justice. This will set TetraPak apart from the rest and is the clear blue water needed from companies, in a world at risk of greenwash.”<sup>192</sup>
- Other companies have included the term ‘just transition’ in different forms of external communication, such as on social media. Diageo for instance, tweeted in June 2022:

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<sup>186</sup> Nestlé, “Net Zero Roadmap” (February 2021), available at <https://www.nestle.com/sites/default/files/2020-12/nestle-net-zero-roadmap-en.pdf>.

<sup>187</sup> PepsiCo, “Climate Change”, webpage, available at <https://www.pepsico.com/our-impact/esg-topics-a-z/climate-change>.

<sup>188</sup> ABF, “Responsibility Report” (2022), at 9, 11, 62, and 76, available at <https://www.abf.co.uk/content/dam/abf/corporate/AR-and-RR-website-updates-2022/responsibility/ABF%20Responsibility%20Report%202022.pdf.downloadasset.pdf>.

<sup>189</sup> Kimberly Clark “2030 Strategy: Our Strategy for the Decisive Decade”, at 8, available at <https://www.kimberly-clark.com/-/media/kimberly/pdf/esg/2030-ambition/our-strategy/kimberly-clark-2030-strategy.pdf>.

<sup>190</sup> Unilever, “With great power comes great opportunity” (4 November 2022), webpage, available at <https://www.unileverusa.com/news/2022/with-great-power-comes-great-opportunity>.

<sup>191</sup> Sharon Burrow and Paul Polman, “A changing climate for jobs” (2015), available at <https://www.euractiv.com/section/climate-environment/opinion/a-changing-climate-for-jobs>.

<sup>192</sup> TetraPak “Food. People. Planet. Sustainability Report” (2021), at 90, available at <https://www.tetrapak.com/en-gb/sustainability/sustainability-updates>.

“Governments & the private sector must collaborate to ensure an accelerated, just transition that is well-financed globally.”<sup>193</sup>

## References to the inter-connections between environment, climate and human rights

A larger number of companies are beginning to reference the interconnections between environment, climate and human rights in their public-facing materials and policies.

### General mentions of the interconnections

A large number of companies reference the interconnections between human rights and climate or environmental issues on their websites, or in senior-level statements. Examples include:

- PepsiCo’s CEO acknowledges that “the futures of our company, communities, and planet are all inextricably linked.”<sup>194</sup>
- Diageo’s annual report recognises there is a “connection between climate, water, people and regenerative agriculture.”<sup>195</sup>
- Mars’ webpage on climate action acknowledges the risks and opportunities of the company’s work to people, as well as to the planet.<sup>196</sup> The company’s regenerative agriculture practices “will not only improve environmental impacts, but also help farmers thrive [and] ... will be critical to making progress to prevent deforestation.”
- Nestlé’s webpage on climate action says the company takes “a holistic approach to managing our impact on the environment – joining the dots between climate and related issues including water stewardship, biodiversity and human rights.”<sup>197</sup> The company’s webpage on indigenous rights shows awareness of the human rights risks in deforestation projects and further states: “Putting Indigenous people’s rights front and center is an important component in the transition to a fair and ethical food system.”<sup>198</sup>

### Inter-connections in policies

Reference to the inter-connections between human rights, the climate and the environment in a company policy is generally viewed as carrying greater weight than a statement on a website, since it is intended to convey the company’s commitments. Some companies provide a statement on these inter-connections in their human rights policy, while others do so in their climate policy.

#### Human rights policies

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<sup>193</sup> DiageoGB, tweet (June 2022), available at <https://twitter.com/DiageoGB/status/1539947587742179329>.

<sup>194</sup> PepsiCo, “2021 ESG Summary”, CEO’s message at 1, available at <https://www.pepsico.com/our-impact/sustainability/report-downloads>.

<sup>195</sup> Diageo, “Annual Report” (2022), available at <https://media.diageocms.com/diageo-corporate-media/media/5qrm5zru/diageo-annual-report-2022.pdf>.

<sup>196</sup> Mars, “Greening Our Operations and Transforming Key Supply Chains”, webpage on climate action, available at <https://www.mars.com/sustainability-plan/healthy-planet/climate-action>.

<sup>197</sup> Nestlé, “Climate Action”, webpage, available at <https://www.nestle.com/sustainability/climate-change>.

<sup>198</sup> Nestlé, “Indigenous Peoples and Local Communities’ land rights”, webpage, available at <https://www.nestle.com/sustainability/human-rights/indigenous-people-communities>.

Companies may reference environmental-related human rights issues in their human rights policies and commitments. This means the company is explicitly incorporating within its commitment to respect human rights the ways in which environmental impacts can flow into human rights impacts.

Ferrero's human rights policy includes "environmental related Human Rights Issues" as one of its priority areas. The policy states: "We recognise that a safe, clean and sustainable environment is integral to the full enjoyment of human rights. Protecting the environment is therefore fundamental to protecting and respecting human rights. We aim to protect the ecosystem, promote the respect of land use, land rights and traditional culture and livelihood of local communities."<sup>199</sup> Similar statements are made in the supplier code,<sup>200</sup> which adds: "Suppliers shall demonstrate practices to protect the natural environment and ecosystem as the basis to protect land rights, traditional culture and livelihood of local communities".

### Climate and environmental position statements

Other companies reference the interconnections in their climate statements. Mars' Climate Action Position Statement remarks: "Climate change is also intrinsically linked with Mars' other sustainability priorities. It will impact water scarcity, while land use choices can either drive or mitigate climate change. The strategic approaches we choose to address climate change in our value chain have implications for human rights and the incomes of farmers who grow the materials we source."<sup>201</sup>

Mars also comments on the interconnections in other position statements:

- In its Land Use Position Statement: "Land use change is a major driver of deforestation and climate change, while agricultural irrigation and fertilizer applications to improve crop yields also has implications for water usage and quality. Land ownership and usage have implications for human rights and farmer incomes."<sup>202</sup>
- In its Water Stewardship Position Statement: "Climate change will impact water scarcity, while agricultural irrigation affects land use through its impact on crop yields. The availability of safe water and sanitation is a major issue facing humanity, and those with low incomes face increased water-related risks."<sup>203</sup>

### Inter-connections in strategies.

Companies generally have separate strategic pillars for 'people' and 'planet', or use other labels that separate out the social and human rights dimensions from the climate and environmental work. As the interviews highlighted (further described below), a number of companies are looking

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<sup>199</sup> Ferrero, "Human Rights Policy Statement", available at <https://s3-eu-west-1.amazonaws.com/ferrero-static-qa/globalcms/documenti/2751.pdf>.

<sup>200</sup> Ferrero, "Supplier Code", available at <https://s3-eu-west-1.amazonaws.com/ferrero-static-qa/globalcms/documenti/2755.pdf>.

<sup>201</sup> Mars, "Climate Action Position Statement", available at [https://lhcdn.mars.com/adaptivemedia/rendition/id\\_af9a4d9b3c91da2364429f0de6753c80c25a7a7a/name\\_out/POLICY\\_%20Our%20Climate%20Action%20Position%20Statement.pdf](https://lhcdn.mars.com/adaptivemedia/rendition/id_af9a4d9b3c91da2364429f0de6753c80c25a7a7a/name_out/POLICY_%20Our%20Climate%20Action%20Position%20Statement.pdf).

<sup>202</sup> Mars, "Land Use Position Statement", available at [https://lhcdn.mars.com/adaptivemedia/rendition/id\\_3a196d790b3286ffbeecfd2c269ffc2697bbf01/name\\_out/Land%20Use%20Position%20Paper.pdf](https://lhcdn.mars.com/adaptivemedia/rendition/id_3a196d790b3286ffbeecfd2c269ffc2697bbf01/name_out/Land%20Use%20Position%20Paper.pdf).

<sup>203</sup> Mars, "Water Stewardship Position Statement", available at <https://www.mars.com/about/policies-and-practices/water-stewardship>.

into how to break down silos between these strategic pillars to capture the inter-connections between them. We highlight here information from two companies that have reported extensively on how the inter-connections flow through to their strategies: Nestlé and PepsiCo. The following is based on publicly available information for these companies.

## PepsiCo

In 2021, PepsiCo launched its PepsiCo Positive (pep+) strategy.<sup>204</sup> The CEO describes that through pep+, the company puts “sustainability and human capital at the center of how we will create growth and value, by operating within planetary boundaries and inspiring positive change for the planet and people.”<sup>205</sup> Pep+ has three strategic pillars:<sup>206</sup>

- **Positive agriculture:** working to source crops and ingredients in ways that restore the earth and strengthen farming communities
- **Positive value chain:** helping build a circular and inclusive value chain
- **Positive choices:** inspiring people through the company brands to make choices that create more smiles for them and the planet.

Environmental and human rights or social goals and programmes cut across these three pillars. The company’s 2021 Annual Report showcases goals for each of these pillars. For example:<sup>207</sup>

- ‘Positive agriculture’ has a range of 2030 targets including: spreading regenerative agriculture across 7 million acres; improving the livelihoods of 250,000 people in the company’s agricultural supply chain and communities; and sustainably sourcing 100 percent of its key crops and ingredients. The practice of regenerative agriculture is an important practice in connecting the environmental and social work areas. The company explains:<sup>208</sup>

“We’re supporting regenerative agricultural practices that aim to make soil healthier, sequester carbon, improve watershed health and biodiversity, and strengthen farmer livelihoods. We’re working closely with our farmers and intermediary suppliers to embed these practices throughout our agricultural supply chain. ... Under PepsiCo’s Positive Agriculture agenda, we’re working to source crops and ingredients in a way that accelerates regenerative agriculture and strengthens farming communities. We’re supporting the advancement of farming practices to optimize crop yields, respect human rights, improve farmer livelihoods, and secure supply.”

- ‘Positive value chain’ has targets for achieving net-zero emissions by 2040 as well as for transitioning to 100% renewable energy. It also covers cutting down on virgin plastic and becoming net water positive, and it gives targets around diversity, equity and inclusion as well.

<sup>204</sup> PepsiCo, “Mission & Vision”, webpage, available at <https://www.pepsico.com/who-we-are/mission-and-vision>.

<sup>205</sup> PepsiCo, “2021 ESG Summary”, CEO’s message at 1, available at <https://www.pepsico.com/our-impact/sustainability/report-downloads>.

<sup>206</sup> At 1. See also the page earlier on pep+ progress highlights.

<sup>207</sup> At 1

<sup>208</sup> At 3. See also PepsiCo, “Agriculture”, webpage, available at <https://www.pepsico.com/our-impact/esg-topics-a-z/agriculture>.

## Nestlé

Nestlé first used the term ‘just transition’ externally in its Net-Zero Roadmap released in February 2021. It is located in the opening remarks which state: “People will be at the heart of our climate actions. We strive to ensure that our initiatives promote a just transition toward a regenerative food system for all.”<sup>209</sup> Key actions in this roadmap are:<sup>210</sup>

- Sourcing ingredients sustainably
- Evolving packaging
- Driving towards cleaner logistics
- Moving towards carbon-neutral brands
- Transforming product portfolio
- Using renewable energy to manufacture products
- Removing carbon through the atmosphere
- Using voice to galvanise action

The category of ‘sourcing ingredients sustainably’ accounts for 71.4 percent of the company’s total in-scope emissions.<sup>211</sup> Nestlé acknowledges that this category relies on close engagement with farmers and communities, and presents opportunities for benefiting these communities as well. Key actions for sourcing sustainably include:<sup>212</sup>

- Cutting the methane produced by animals
- Feeding livestock with more sustainable feed
- Making farms more productive through better herd management
- Grassland management and increasing carbon storage in the soil
- Supporting suppliers to become more innovative
- Agroforestry and shade management
- Improving soil health
- Agroforestry in border areas
- Preventing and remediating land use change

Many of the actions within the category of removing carbon from the atmosphere likewise involve close collaboration with farmers and communities. These actions include:<sup>213</sup>

- Planting vegetation around water sources and wildlife corridors
- Integrating trees into grazing land in a synergistic way
- Using local compost
- Switching to organic fertilizers wherever possible
- Adapting more sustainable agriculture practices
- Planting trees and shrubs to create natural protection
- Shade management agroforestry
- Restoring forests and peatlands.

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<sup>209</sup> Nestlé, “Net Zero Roadmap” (February 2021), available at <https://www.nestle.com/sites/default/files/2020-12/nestle-net-zero-roadmap-en.pdf>.

<sup>210</sup> At 8.

<sup>211</sup> At 7.

<sup>212</sup> At 9-18.

<sup>213</sup> At 39.

Nestlé recognises the possible implications for people in other categories as well. For instance, the section on ‘evolving our packaging’ states:<sup>214</sup>

“While we implement these activities, we will continue to support the respect and promotion of human rights in the downstream recycling waste supply chain of Post-Consumer Resin (PCR) material through accountability and engagement of the most relevant actors – the key waste stream suppliers.”

In September 2021, the CEO Mark Schneider, published a blog on the company website entitled ‘A just transition’. It acknowledges the centrality of agriculture in meeting the company’s net-zero ambitions: “Given the focus of our business, we believe we can have the greatest immediate and long-term impact by first prioritizing farming in our regeneration efforts.”<sup>215</sup> It then describes the company’s approach to “accelerating equitable and just systems” through supporting farmers towards more regenerative farming practices. Schneider describes one of the company’s key actions in supporting farmers:

“Nestlé is also helping to finance farmers’ investments in capital and equipment, customized to each farmer’s needs and opportunities. Finally, we will offer price premiums for regenerative agriculture goods. Farmers are rewarded for their quality ingredients, but also for their positive environmental impact.”

It lists other examples of key actions as well, for example:

- Putting the company’s purchasing power in dairy toward reducing emissions, charting the path toward net zero dairy in South Africa, Pakistan, and in the U.S. with farm partnerships that ensure that nothing leaves farms as waste.
- Partnering with farmers to repurpose water for irrigation, animal waste for fertilizer, and capture methane to reduce emissions.
- In Indonesia, supporting small family farms to manage manure through biogas digesters, making use of waste to produce energy.
- In Pakistan, enabling farmers to use drip irrigation to save water and improve productivity.
- Distributing 235 million coffee plantlets to help farmers around the world increase their incomes and create more resilient farms.
- In Egypt, partnering with local stakeholders to rehabilitate local canals and ensure that local farmers have clean, quality water.
- Training more than 15,000 women in coffee farming, financial literacy, and leadership.

Nestlé’s Human Rights Framework and Roadmap, published in December 2021, is subtitled: “Supporting a just transition towards a regenerative food system.”<sup>216</sup> This document states that human rights “are inextricably linked to our shared future” and that by respecting and advancing human rights, “we are building a foundation that contributes to a resilient future for our planet

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<sup>214</sup> At 25.

<sup>215</sup> Nestlé CEO Mark Schneider, “A just transition” (September 2021), available at <https://www.nestle.com/stories/a-just-transition-mark-schneider-regenerative-agriculture>.

<sup>216</sup> Nestlé, “Human Rights Framework and Roadmap” (December 2021), available at <https://www.nestle.com/sites/default/files/2021-12/nestle-human-rights-framework-roadmap.pdf>.

and its people.” The CEO and Chairman explain this point further in their foreword using the language of just transition:<sup>217</sup>

“At Nestlé, we are striving to support and accelerate the transition to a regenerative food system – one that aims to help protect and restore the environment, improve the livelihoods of farmers and enhance the well-being of farming communities.

We want this transition to be **just and equitable**. Therefore, it is vital that we support farmers around the world with scientific and technical assistance to adopt regenerative agriculture practices. We want to reward farmers for their quality ingredients, but also for their positive impact on the environment and on communities.

To feed the world for generations to come, our approach must go beyond ‘doing no harm’ to having a positive impact on food systems at scale.”

Nestlé outlines its Human Rights Framework, which “puts due diligence at the core” of its approach.<sup>218</sup> It then describes its actions with respect to each of its ten salient human rights issues.<sup>219</sup> The closing page brings the focus back to the transition to a regenerative food system, stating: “Respecting and advancing human rights is a key element of this journey. In the spirit of enabling a just transition, it is vital that we support and empower the most vulnerable individuals and communities across our value chain. This is what will help us drive equitable change and build the foundations of a fairer food system.”<sup>220</sup>

In the company’s 2021 Sustainability Report, the Global Head of Public Affairs and ESG Engagement makes a similar point: “Nestle’s regenerative journey begins in agriculture. Regenerative agriculture is rooted in practices that help improve soil health and fertility, store carbon, retain moisture and protect and restore biodiversity. But regenerative at its heart is about people—this is why we are focused on a just transition—one that inspires, enables and rewards people in their actions and is fair in meeting their needs. Farmers’ livelihoods and those of their communities must be protected.”<sup>221</sup> The Chairman and CEO summarise in their message from the 2021 Sustainability Report, the goal is to “accelerate the just transition at the same time as protecting, renewing, and restoring the planet and ensuring food systems can continue to nourish people for generations to come.”<sup>222</sup>

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<sup>217</sup> At 4 (emphasis from original).

<sup>218</sup> At 11.

<sup>219</sup> At 13-31.

<sup>220</sup> At 31.

<sup>221</sup> Nestlé “Creating Shared Value Sustainability Report” (2021), at 6, available at <https://www.nestle.com/sites/default/files/2022-03/creating-shared-value-sustainability-report-2021-en.pdf>.

<sup>222</sup> At 6.