RESPONSIBLE BUSINESS LAW INITIATIVE
UW SCHOOL OF LAW

MORE THAN NET-ZERO
Responsible Corporate Board Activity & the Just Transition

GBI ISSUE PAPER | 2026

AUTHORS

Anita Ramasastry
Chair and Professor of Law, Barer Institute for Leadership in Law and Global Development, University of Washington School of Law

Colleen Penny
Global Rule of Law Research Fellow, Barer Institute for Leadership in Law and Global Development, University of Washington School of Law

A just transition is about more than reaching net-zero emissions. Originally rooted in US trade union efforts to protect workers, the concept now includes broader human rights impacts, such as ensuring that workers, communities, and lower-income countries are not left behind as economies move towards environmental sustainability.[1] A transition to a green economy should be one that respects human rights and addresses negative impacts arising from shifts in business activity. Put simply a just transition is one that is rights-respecting.

The United Nations Guiding Principles on Business and Human Rights (UNGPs) urge companies to take a proactive approach to prevent and mitigate these negative impacts across all business operations, including during the shift to a green economy. Regulations like the EU's Corporate Sustainability Reporting Directive (CSRD) require companies to report on these efforts. Companies that fail to do so face consequences. Along with investor pressure, these regulations reinforce a single expectation: companies must reduce emissions while accounting for human rights risks, not merely meeting technical compliance.

This paper examines the role of corporate boards in advancing a just transition. It includes what good practices look like, where progress has been made, and where governance gaps remain. It emphasises that a just transition is not only about climate but also carries strong business and human rights implications where boards can play a primary role. Corporate governance determines whether a company will make its just transition a rights-respecting one.

Boards that embed a rights-respecting transition into their oversight functions are better positioned to manage operational and reputational risk, build social legitimacy, and strengthen resilience as they decarbonise. Drawing on case studies from multinational corporations, recognizing that corporate commitments shift and no company's record is static, the paper

identifies what boards are getting right through stakeholder engagement, governance design, strategy, and policy, and where they continue to treat climate and human rights as separate streams rather than integrated responsibilities. It concludes with practical governance steps for boards to close those gaps. A transition that does not integrate human rights is not truly "just" and is poorly equipped to withstand the pressures that come with accelerating decarbonisation.

I. Introduction

When the 2015 Paris Agreement recognised the imperative of a "just transition," it did so by linking climate action explicitly to "decent work and quality jobs." [2] These are important elements to a just transition, but companies must go further and implement human rights due diligence for their transition to be truly "rights-respecting." That means halving corporate emissions by 2030 and reaching net-zero by 2050 while also identifying, preventing, and mitigating actual and potential adverse human rights impacts on workers and their communities, whether those impacts stem from corporate activities or are directly linked to financial operations, products, services, or business relationships.[3]

Achieving this requires both government and corporate action. From a governance perspective, a just transition involves policies and investments to create green jobs, achieve net-zero emissions, eradicate poverty, and build resilient communities. At the company level, it means planning and executing emissions-reduction strategies through genuine dialogue with rights holders, workers and unions, not as a formality, but as a core element to inform corporate transitional governance.[4] These are no longer abstract expectations. With the United States having withdrawn from the Paris Agreement for the second time, and with ESG-related regulatory oversight weakening in some jurisdictions, corporate boards have become more critical for ensuring the transition is managed in a rights-respecting manner.[5]

The pressure is real and growing. Regulatory frameworks such as the EU's CSRD now require large companies to disclose how their governance, strategy, and oversight manage the social dimensions of the transition to a sustainable economy, including impacts on workers and communities.[6] Stock exchanges are adding climate governance scores. Investors are directing capital accordingly.[7] Yet despite this pressure, companies consistently fail to develop transition plans that adequately account for worker and community well-being. The governance gap between ambition and practice remains significant, and it starts at the board level.[8]

II. The business case for a rights-respecting transition

The private sector's stake in the just transition is not abstract. In 2021, worldwide emissions totalled approximately 51 billion tonnes, with the private sector accounting for 84%.[9] That share of responsibility comes with a corresponding share of exposure through regulatory requirements, litigation risk, and investor scrutiny. Each of these creates direct incentives for boards to take the human rights dimensions of transition seriously.[10]

Regulatory reporting requirements are raising the floor. Under the CSRD, large, EU based companies and those with significant EU turnover must report on how their governance,

strategy, and oversight manage sustainability impacts, risks, and opportunities arising from the transition.[11] This includes social and workforce impacts. Companies must also disclose plans demonstrating that their business model and strategy are compatible with the Paris Agreement goal of limiting global warming to 1.5 ˚C, if they have one.[12] Although these requirements currently apply only to certain companies (those with at least 1,000 employees and €450 million in turnover), their adoption by an institution as significant as the EU signals a structural shift in what responsible corporate transition planning means: reducing emissions without leaving their workforce behind.[13] Companies that do not meet these obligations face compliance and reputational consequences.[14]

Just transition litigation is a growing and concrete risk. The Business and Human Rights Centre has documented a rising wave of strategic litigation brought by communities and workers against renewable energy and transition mineral mining companies.[15] "The disturbing trend of systemic abuse of communities and workers in renewable energy value chains," the Centre states, "has given rise to a tide of strategic litigation by communities and workers left with no option but to turn to the courts to defend their rights."[16] These lawsuits are brought by local community groups and result in project delays, stop orders, increased costs, and reputational damage.[17] The Centre's analysis is direct: companies need robust human rights due diligence and better project design that includes stakeholder engagement, fair negotiations, and a duty of care for the human and environmental rights of those directly impacted by the transition to prevent this litigation.[18] This operational and legal exposure can have serious financial and reputational consequences that boards are responsible for managing.

Market mechanisms are aligning with Investor expectations. The London Stock Exchange (LSE) now recommends UK-based companies make climate-related financial disclosures covering board governance and management of climate-related risks. It then compiles this information into a Climate Governance Score.[19] Investors use these disclosures to make sustainable investment decisions, to compare corporate transition governance and to direct capital towards companies that are managing climate and social risks together.[20] At the same time, new market mechanisms such as the LSE's Voluntary Carbon Market designation are being designed to embed accountability and equity into investment structures, directing financing towards communities and sectors at greatest risk of being left behind.[21] To qualify for the VCM designation, projects must meet specific market rules, including demonstrating societal co-benefits and directing financing to areas that would not otherwise receive capital.[22] Together, these initiatives show that the financial markets are, increasingly, a source of governance pressure on boards.

III. International guidance frames board responsibility

No international legal or multilateral framework currently requires companies to address the just transition explicitly. However, the Organization for Economic Co-operation and Development (OECD),[23] the International Labour Organization (ILO),[24] The United Nations Environment Programme (UNEP),[25] and the United Nations Global Compact (UNGC),[26] have each developed guidance that positions corporate boards as directly responsible for just transition oversight. Taken together, this guidance establishes three core expectations:

Boards are accountable for just transition strategy as a matter of core governance. The OECD climate action guidelines state directly that corporate boards should oversee the just transition aspect of a company's net-zero plan, including appropriate allocation of resources to meet emissions goals.[27] The UNEP guidelines emphasise that financial institution boards must have the expertise, information, and structures to govern the integration of the social dimensions of transition.[28] The UNGC echoes this for all businesses, stressing the importance of designing and implementing just transition strategies within corporate governance to advance climate justice.[29] Collectively, these guides emphasise the need for boards to address adverse social and human rights impacts arising from the transition, including the re-skilling and training of workers.

Stakeholder engagement is not optional. ILO guidance is particularly direct on this point: dialogue and the involvement of workers and their representatives are central to corporate responses to a rights-respecting transition.[30] UNEP extends this to financing. Under this guidance, companies must fund just transition needs, including workforce impacts, job protection, re-skilling, and re-deployment.[31] The UNGC cautions boards against decisions that appear commercially efficient but generate unintended harms, pointing to abrupt disengagement from markets or supply chains exposed to climate risk as a concrete example of how transition planning can undermine livelihoods.[32]

Human rights due diligence belongs inside climate-related decision-making, not alongside it. Together, this guidance consistently frames just transition oversight as requiring integration of human rights considerations into governance structures, not treatment of those considerations as a separate compliance stream.

At the same time, this guidance does not provide boards with concrete, operational direction. It establishes expectations and standards without specifying how to put them into action. That gap has been partially addressed by collaborative business and civil society efforts, which have developed frameworks offering more specific guidance for board practice.

IV. Collaborative frameworks translate expectations into practice

Two frameworks developed by collective and multi-stakeholder organisations offer boards more granular direction: The B Team's Just Transition: A Business Guide and the Business Commission to Tackle Inequality (BCTI) Flagship Report. These documents are complementary rather than interchangeable, and boards benefit from reading them as such.[33]

The table below compares the two frameworks through a board-level governance lens, highlighting how each document frames the role of corporate board oversight in a just transition. It focuses on what boards are expected to do in practice, including how boards are guided to integrate just transition considerations into strategy, risk oversight, workforce decision-making, and human rights governance:

Category	BCTI flagship document[i]	The B Team Just Transition: A Business Guide[ii]	What this means for corporate boards
Guide overview	A flagship policy and accountability framework with business examples.	Practical guidance grounded in International Labour Organisation (ILO) just transition principles.	N/A
Purpose and function	To define expectations and benchmarks for corporate conduct on climate transition and human rights, and to assess whether companies are meeting those expectations. Defines where boards may be exposed to criticism or accountability.	To guide companies on how to implement a just transition in practice as they decarbonise. Supports implementation management.	Boards should read BCTI as a "stress test" tool to measure how resilient the company's just transition plan is, and the Business Guide as an "implementation manual."
Complementary role	Explains why the just transition and human rights matter and what companies are expected to uphold.	Explains how companies can meet those expectations in practice	N/A
Value to board	Establishes external expectations and accountability standards for board oversight of climate transition and human rights.	Provides internal guidance for execution that boards can mandate and oversee.	Boards should use BCTI to understand what they will be judged against and the Business Guide to ensure management has a credible plan for how to implement the transition.
Fiduciary duty	Frames climate transition and inequality as systemic and enterprise risks that fall within directors' duties of care and loyalty.	Shows how boards can discharge fiduciary duties by ensuring structured planning, workforce protection, and social dialogue.	Together, they support the argument that just transition oversight is part of prudent risk management.
Risk oversight	Identifies human rights, social, legal, and reputational risks arising from poorly managed transitions.	Explains risk mitigation mechanisms, such as retraining, redeployment, and early engagement with workers.	Boards can link identified risks to concrete mitigation plans and management KPIs.
Governance expectations	Emphasises board accountability for ensuring climate action does not cause or exacerbate rights harms.	Recommends embedding just transition into enterprise-wide governance processes.	Boards should require management to integrate just transition into strategy, risk, and sustainability governance structures.

Category	BCTI flagship document[i]	The B Team Just Transition: A Business Guide[ii]	What this means for corporate boards
Strategic oversight	Positions just transition as a strategic issue, not a secondary ESG concern.	Provides tools to align decarbonisation with workforce strategy and long-term value creation.	Boards should treat just transition as core to long-term corporate strategy and resilience.
Workforce oversight	Highlights risks to workers if transition planning ignores labour rights and social protections.	Details practical approaches to retention, retraining, redeployment and skills planning	Boards should oversee workforce transition plans with the same rigour as capital transition plans.
Stakeholder engagement	Sets expectations for meaningful engagement with workers and communities as a matter of rights.	Operationalises engagement through social dialogue with unions and workers.	Boards should ensure engagement is structured, ongoing, and reported - not only as incidents arise.
Disclosure and scrutiny	Designed to inform external scrutiny by investors, regulators, and civil society.	Supports internal preparation for credible disclosure on transition risks and workforce impacts.	Boards can use both to strengthen climate and human capital disclosures and avoid greenwashing risks.
Timeline	Focuses on long-term systemic risk and cumulative impacts of inequality and climate transition	Focuses on near- to medium-term planning needed to manage transition impacts responsibly.	Short-term decisions should align with long-term resilience.

[i] The full BCTI Flagship report is available here.[ii]The full report, Just Transition: A Business Guide, is available here.

Together, these frameworks support a coherent governance argument: just transition oversight is part of prudent risk management; boards should link identified risks to concrete mitigation plans and management KPIs; and both climate and human rights should receive the same rigour of board oversight in transition planning.

Several benchmarking initiatives translate these frameworks into measurable performance criteria. The table below summarises key organisations and benchmarks that track just transition progress, focusing on what each initiative is, what it measures, and how it addresses issues related to human rights due diligence and governance. It is intended to provide a clear, side-by-side view of the existing landscape of rights-respecting just transition tracking, showing the scope and emphasis of each organisation's framework:

Organisation/Initiative	Action related to just transition	Board-level relevance
World Benchmarking Alliance (WBA)[i]	Assesses 2,000 companies on how socially responsible business conduct, such as social equity, inclusivity, and protection for workers/communities. This includes indicators on social topics material for the just transition.	Assesses governance elements (including board oversight elements as part of transition planning). Results can be used by boards to gauge how external stakeholders view the adequacy of corporate planning.
Climate Action 100+[ii]	Global investor-led initiative with a net-zero company benchmark that includes indicators on just transition human rights planning and board climate governance oversight.	Directly includes governance metrics, such as evidence of board oversight, climate competency, and integration of just transition into corporate governance frameworks.
Climate Engagement Canada (CEC)[iii]	Investor collaborative that benchmarks Canadian issuers with net-zero benchmark criteria supporting just transition planning.	Evaluates governance structures (including board oversight of climate and just transition risks) to support investor engagement.
Collective Benchmarking Tools (e.g., Transition Plan Content Index)[iv]	Coalitions (C2ES, BSR, Ceres, EDF, We Mean Business) have developed tools to score the completeness of corporate transition plans, including governance and social impact elements.	Helps boards and investors compare corporate plans on key components, including governance and stakeholder engagement.

[i] World Benchmarking Alliance. Both the original 2021 framework and 2025 just transition frameworks are available here.
[ii] A detailed description of the Climate Action 100+ Net-Zero Company Benchmark, including Disclosure Indicator 9: Just Transition, is available here.
[iii] The full Climate Engagement Canada Framework is available here.
[iv] The full Transition Plan Indices are available here.

These tools help clarify how just transition progress is monitored, give boards a practical basis for comparing their own performance against external expectations, and for understanding what accountability looks like in practice.

V. What good practice looks like - case studies

Despite gaps in corporate just transition plans, some companies have made progress in ensuring their transition is a rights-respecting one. The examples below illustrate how boards in different sectors have approached increased regulatory oversight, stakeholder engagement, workforce impacts, and human rights due diligence, showing what it looks like when these elements are integrated rather than siloed. They are snapshots, not endorsements, sourced from publicly available documents. Corporate commitments in this area have shifted, and no company's record is static. That being said, these examples demonstrate that the governance mechanisms described have been implemented and have produced measurable outcomes. That is their value to boards and practitioners looking for concrete reference points that follow the guidance and frameworks above.

Embedding human rights oversight into compliance and board reporting lines supports consistent human rights standards - no standalone policy required.

One global automotive manufacturer offers a useful model of how human rights can be embedded in transition governance without requiring a separate just transition policy. Instead, the company addresses human rights and environmental impacts across corporate governance levels - from senior leadership to collaborative governance policies. Senior leadership is directly responsible for human rights compliance. In the early 2020s, the board embedded human rights risk management within its compliance function and appointed its top compliance officer as human rights officer, with a direct reporting line to the board. As a result, human rights oversight sits at the highest level of corporate leadership, ensuring just transition-related risks receive attention.

Board leadership and employee representatives jointly signed a policy statement committing to stakeholder engagement and free, prior, and informed consent where required. The company's joint declaration on human rights and working conditions, developed with employee representatives and unions, serves as a governance benchmark. It relates to the company's code on human rights and working conditions, which sets expectations for employees and suppliers on issues such as forced and child labour, equal treatment, health and safety, freedom of association, and collective bargaining. The company also participated in the Automotive Industry Sector Dialogue, developed in collaboration with government, unions, NGOs, and others in the industry, informing what it requires of suppliers and its due diligence programme. This shows how collective action strengthens company-level governance and promotes consistent human rights due diligence standards across supply chains.

Dedicated human rights business frameworks convert high-level human rights commitments into company-wide, rights-respecting practices including renewable energy procurement.

One global technology company has formalised human rights accountability at both the senior leadership and board committee levels. Its top senior executives oversee the company's commitment to international human rights standards, ensuring implementation throughout its core operations. A standing board committee covering sustainability, sourcing, and policy issues

carries explicit oversight responsibility for human rights-related policy, significant issues relating to responsible sourcing, and environmental sustainability – all areas that intersect directly with workforce and supply chain transitions. By formalising this mandate at the committee level, the board embeds accountability for human rights risks directly into its decision-making as a standing oversight responsibility. The company backs this structure with substantive action. For example, its collaborative report on renewable energy procurement details the company's efforts to address the disproportionate, adverse impacts of the energy transition, including sourcing from projects prioritizing positive social impact. The company also operates a dedicated internal human rights and technology centre, which coordinates human rights due diligence, identifies emerging risks, and promotes harmonised approaches across the company. High-level commitments like these separate substantive governance from policy on paper.

Layered governance structures link board oversight to executive execution and hold regional transition plans to the same standards as company-wide commitments

One large multinational energy company provides an example of how layered governance structures can connect board oversight to its transition-related workforce strategies. A designated board committee holds responsibility for human capital management, workforce planning, and development strategies, and explicitly ensures that emission reduction plans reflect commitments to people and communities and are appropriately resourced. The executive committee, reporting to the board, oversees operational execution. The board then receives reports covering progress against just transition goals, workforce capability development, and community engagement metrics.

The company also explicitly links people strategies to its broader sustainability and governance framework, with employee skill development for the energy transition framed as a risk management and opportunity strategy internationally. Its regional transition plans, covering several major operating sites worldwide, are monitored under the same governance structures that oversee social risk and community engagement. By embedding regional transition initiatives within its core governance framework, the company works to ensure consistency between local implementation and company-wide human rights and sustainability commitments.

Prioritising net-zero skills development as a corporate strategy includes workers in the just transition across all company levels

Another energy company implements its just transition commitments through large-scale workforce development embedded in corporate strategy. Its just transition action plan defines the company's approach to ensuring the energy transition is rights-respecting. The company's internal skills programme advances skills management, internal mobility, and professional training, including technical skills aligned with the net-zero transition. Additionally, the company's internal training academy offers e-learning courses on leadership and company-wide strategy for employees, executives, and managers. Worker trainings like these lead to measurable results. As of 2025, over two-thirds of the company's employees had been trained on green jobs.

Worker up-skilling and green finance frameworks aligned under board oversight to deliver a rights-respecting transition

A third global energy company up-skills and re-skills workers for new job opportunities as part of its just transition plan to reduce community adverse impacts where it operates. The company's climate transition plan includes commitments to retrain and re-deploy workers to new job opportunities as it closes its coal-fired power plants. It has also committed to investing in new renewable energy projects in the same communities to minimise worker relocation while creating new employment opportunities. The company's dedicated community skills programme channels these commitments into community-focused projects globally, with a strong emphasis on fostering an energy transition that leaves no one behind. The board reviews the programme to ensure alignment with corporate strategy, linking community-focused transition initiatives directly to board oversight.

The company's green finance framework includes green bonds and loans aligned with the EU Taxonomy and the Paris Agreement. The framework is monitored at the committee and board level to ensure funds are applied according to its human rights and environmental criteria, embedding just transition principles into investment decisions.

Board-level dialogue with labour unions turns rights-respecting transition commitments into concrete workforce outcomes

A fourth multinational energy company, one of the world's major producers of clean energy, demonstrates what board-level commitment to a worker-driven just transition looks like in line with ILO guidance. When the company launched a plan to close or repurpose power stations employing tens of thousands of workers, the board engaged with labour unions to develop a just transition agreement covering retention, re-deployment, re-skilling, early retirement incentives, vocational apprenticeships, and worker relocation. In 2019, the company reported that all affected workers had found new jobs or retired.

Sustainable sourcing embedded in board-level governance through risk-based supplier due diligence embeds human rights standards throughout supply chains

A multinational mining and recycling company prioritises minimising its environmental impact while acknowledging that people are its greatest asset. Its closed-loop, zero-harm strategy aims to achieve net-zero scope 1 and 2 greenhouse gas emissions by 2035 (among other goals), while causing zero harm and zero inequality. To do this, the company embeds sustainable sourcing into board-level governance through its supervisory board's sustainability committee, which oversees the company's climate-related agenda, strategy, policies, and ESG performance. Committee responsibilities also include addressing potential adverse impacts for workers and communities within the company's value chain. For example, suppliers in conflict-affected and high-risk areas must sign a letter of commitment to the company's responsible sourcing guidance, and the company routinely follows up on implementation and tracks value chains for cobalt, nickel, and lithium. The board also requests and receives regular training on decarbonization topics to stay up to date, keeping supplier oversight with the board instead of relying solely on procurement.

Board, committee, and working group oversight paired with transparent disclosure of sustainability agendas, and making human rights due diligence a routine discussion, ensures a rights-respecting transition stays a priority

A major stock exchange group provides a concrete model for how ongoing corporate oversight supports long-term just transition commitments. Its board holds ultimate responsibility for the sustainability agenda and strategy, with technical responsibilities allocated across committees and working groups. Its sustainability committee provides direction and oversight of the company's climate transition plan and approves sustainability reporting. Meanwhile, the sustainability working group designs, develops, and delivers the company's sustainability strategy for approval, and reports on progress and areas for further development. Distributing responsibilities across all levels of governance helps ensure that the company can effectively plan for and meet its obligations, including its net-zero targets.

The company also models good practices for corporate board sustainability strategy disclosures. Sustainability is embedded in the company's matters for the board and appears on the board's agenda at least twice a year. In 2024, the board addressed sustainability regularly, covering the company's external reports, the CSRD, its climate transition plan, and its policy. Its sustainability committee met more frequently, covering the climate transition plan progress, human rights assessment, sustainability reporting strategy, double materiality assessment results, and greenwashing.

VI. Room for Improvement: where boards are falling short

The case studies above represent genuine progress, but they are not the norm. From 2021 to 2024, the World Benchmarking Alliance (WBA) assessed 450 companies across high-risk sectors including oil, gas, and transportation. The findings were stark: only 26% of the assessed companies' workers were covered by a commitment to meaningful dialogue with unions or worker representatives. Only seven percent had any assurance of access to green and decent jobs as part of the transition.[34] Progress was uneven across sectors and regions. In 2025, Climate Action 100+ found that only one percent of 164 assessed companies satisfied Indicator 9 on the just transition in full, while 47% met none of the criteria.[35] These studies collectively point to governance gaps in how just transition responsibilities are translated into practice.[36]

Human rights commitments lack operational grounding. Many boards have adopted human rights and just transition plans, but these documents frequently stop short of providing clear guidance on what to do when human rights harms actually occur. The prevailing "do no harm approach" frames human rights as something to avoid violating rather than something requiring active management, producing aspirational commitments rather than actionable ones.[37] Because these commitments are typically not legally binding, companies retain significant discretion in how they interpret and apply them. The result is uneven follow-through and a tendency to treat human rights due diligence as a compliance exercise rather than a governance priority. Boards often focus on compliance or risk avoidance instead of embedding proactive, rights-respecting action into strategic oversight and transition planning. Effectively managing human rights risks requires understanding the actual experiences of the workers and communities most likely to be affected through stakeholder engagement. Most boards have not yet built the governance structures to do this.[38]

Governance structures exclude the people most affected. Climate transition initiatives frequently marginalise the communities, workers, and Indigenous Peoples they most directly affect. Consultation, where it exists, tends to be one-off or superficial rather than ongoing and substantive, resulting in social exclusion and governance deficits. For example, energy transition projects have been linked to serious human rights abuses - including modern slavery, child labour, land grabs, and forced displacement, which more rigorous governance processes should have identified and prevented.[39] Corporations with weak processes also fail to anticipate harms and are often not prepared to remediate them.[40] The rush for transition minerals (copper, lithium, nickel, cobalt, graphite, and others) needed to manufacture renewable energy infrastructure intensifies these risks and raises significant questions on human rights gaps in the exploitation of minerals. Lack of transparency in the design and implementation of transition programmes has also created conditions for deceptive or inaccurate reporting that obscures rather than addresses human rights impacts, also known as greenwashing.[41] Without inclusive governance and proactive stakeholder engagement, just transition initiatives risk perpetuating the very inequities they claim to address.

Climate and human rights remain separate governance streams. Boards routinely treat climate transition planning and human rights oversight as distinct issues managed by different teams under different reporting lines. The WBA's Corporate Human Rights Benchmark has found that companies setting emissions targets and publishing transition plans frequently say nothing about how they identify or manage human rights risks, and vice versa.[42] Companies with ambitious decarbonisation goals are overlooking risks to workers, supply chains, and affected communities as a direct consequence of this fragmentation. This is a governance choice that boards can and should correct.[43] Understanding the way climate decarbonisation and human rights intersect lets companies address adverse impacts to both while reducing gaps in corporate due diligence practices.

Accountability mechanisms are too weak to drive real outcomes. Boards face a significant gap between the availability of just transition frameworks and the availability of clear metrics and enforcement mechanisms to assess real impacts.[44] The lack of clear, comparable data weakens transparency and makes oversight difficult, creating space for abuse of power and a lack of accountability among decision makers. Without strong oversight, just transition and human rights commitments risk being used to rationalize conducting business as usual, rather than creating positive corporate change. Where corporate standards exist, they frequently lack enforcement or legal teeth, leading boards and management to treat them as compliance minimums rather than strategic imperatives.[45] On the other hand, clearly defined governance metrics and accountability structures help boards effectively track performance, evaluate risks, or fulfil their oversight mandates on a rights-respecting transition.[46]

Structural inequalities remain outside most governance frameworks. Corporate boards often lack the tools to identify or respond to the deeper structural inequalities that shape how people experience climate transitions. Research has documented the phenomenon of "silent violence" in just transitions — harm that occurs through policies and economic systems rather than direct force, including the repression of activists, the displacement of communities, and the exploitation of workers as economies shift to low-carbon models.[47] Transition policies can reinforce these harms if boards do not actively address power imbalances and structural inequalities linked to race, geography, and labour status. Boards should prioritise governance frameworks that go beyond traditional risk assessment and incorporate human rights analysis of how overlapping

inequalities affect just transition outcomes. Most boards have not yet built that capacity.

VII. Conclusion

Responsible board action is not defined by the adoption of standalone just transition policies. It is defined by how boards structure oversight, allocate responsibility, and hold management accountable for human rights impacts alongside emissions targets. The standard goes beyond the existence of a plan – it requires strong governance behind it.

A rights-respecting just transition is a core governance issue. It falls squarely within the scope of board oversight, not because of new legislative mandates, but because the risks of managing it poorly are operational, legal, reputational, and strategic. The persistent separation between climate planning, human rights due diligence, and workforce strategy in most corporate governance structures is a choice. The case studies in this paper demonstrate that stronger board engagement is both possible and effective across industries, including those considered most exposed to just transition risk. These examples are not perfect, but they are practical. Where boards exercise active, informed, and accountable oversight, transition strategies are more likely to be credible and rights-respecting. Where there are gaps, the transition risks reproducing harm and exposing governance failures that undermine both corporate performance and public trust.[48]

Endnotes

1. UNDP Global Climate Promise, What is just transition? And why is it important? United Nations, (2022).
2. UNFCCC, Paris Agreement, United Nations, 2,3 (2015); IPCC, Summary for Policymakers, 12, (2018). Net-zero means that any remaining emissions are offset by the total of active removals of GHG from the atmosphere.
3. Curran B, Robins, et al., Making Transition Plans Just: How to embed the just transition into financial sector net-zero transition plans, London: Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science, 5. (2022).
4. Just Transition: A Business Guide Just transition: A business guide from the Just Transition Centre and the B Team, The B Team, 2 (2018).
5. US withdrawal from landmark Paris Climate Agreement threatens "a race to the bottom." (2026, January 27). Amnesty International.
6. Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements (Omnibus); Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (CSRD), European Union (2022); See Johannes Fiegenbaum, A Complete Overview of ESRS Standards: Key Reporting Guidelines for Corporate Sustainability under CSRD, Fiegenbaum & Cie. (2024, August 30).
7. See Task Force Climate-Related Financial Disclosures (TCFD) Report 2021, 12.
8. See World Benchmarking Alliance - Just Transition.
9. Jyoti Bisbey, Scaling up private sector participation in carbon markets. (2023).
10. See CSRD and Omnibus, supra note 6; See TCFD Report 2021, supra note 7.
11. See Johannes Fiegenbaum, supra note 6.
12. CSRD, supra note 6 at 24, Section 30.
13. See Johannes Fiegenbaum, supra note 6.
14. See CSRD Penalties for Non-Compliance: Understanding the Stakes - Seneca ESG. (2024). Seneca ESG.
15. Elodie Aba et al., Unjust transition on trial: Communities and workers litigate to shape corporate practice - Business and Human Rights Centre. Business and Human Rights Centre (2026).
16. Id.
17. Human rights due diligence key to avoiding lawsuits against green projects, Sustainable Views, (2024).
18. Elodie Aba, supra note 15.
19. Task Force Climate-Related Financial Disclosures (TCFD) Report 2021, at 12.
20. Id. at 5.
21. London Stock Exchange (LSE), London Stock Exchange's Voluntary Carbon Market Designation.
22. Id.
23. OECD (2024), Responsible business conduct for climate action: Strengthening the contribution of business to climate goals, OECD Business and Finance Policy Papers, No. 68, OECD Publishing, Paris.
24. International Labour Organization. (2016, February 2). Guidelines for a just transition towards environmentally sustainable economies and societies for all | International Labour Organization.
25. International Labour Organisation and United Nations Environment Programme Finance Initiative, (2023). Just Transition Finance: Pathways for Banking and Insurance. Geneva.
26. Just Transition for Climate Adaptation: A Business Brief | UN Global Compact.
27. OECD, supra note 23 at 18.
28. UNEP, supra note 25 at 31.
29. UNGC, supra note 26 at 8.
30. ILO, supra note 24 at 5.
31. UNEP, supra note 25 at 37.
32. UNGC, supra note 26 at 7,9.
33. The B Team, Our Mission; The B Team, Just Transition: A Business Guide, (2018); The Business Commission to Tackle Inequality ; Flagship report (2023).

34. World Benchmarking Alliance, 2021-2024 in review: Lessons on corporate climate preparedness. These seven percent are from a small selection of companies: BP, ENGIE, Eni, Naturgy Energy, OMV, Origin Energy, Repsol, Rosneft, Saras, Sasol, TotalEnergies, Viva Energy, SK Innovation, AEP, EDP, EDF, Enel, Eskom, Iberdrola, PG&E, Southern Co, SSE, Polska Grupa Energetyczna, Holcim, South32, ArcelorMittal and Ford.
35. Climate Action 100 Benchmark 2025 Summary Report (2025).
36. Id.
37. Jonathan Bonnitcha, et al. The Concept of 'Due Diligence' in the UN Guiding Principles on Business and Human Rights, European Journal of International Law, Volume 28, Issue 3, 899, 913, (2017); Karp, D. J. Business and human rights in a changing world order: Beyond the ethics of disembedded liberalism. Business and Human Rights Journal, 8(2), 135–150 (2023).
38. The UN Guiding Principles on Business and Human Rights: UN Guiding Principles Reporting Framework. (2017).
39. Olawuyi, D., et al., Beyond Just Transition: Advancing Responsible and Rights-Based Business Practices in the Energy and Extractives Sector, Business and Human Rights Journal, 10(1), 2 (2025).
40. Rapior, M.C., Oberhauser, M., Human Rights Violations in Global Value Chains: A Locally Grounded Governance Framework. J Bus Ethics 203, 38 (2025).
41. Id.
42. Corporate Human Rights Benchmark 2022 Insights Report, World Benchmarking Alliance, at 13 (2022).
43. See Id. at 11.
44. Vilja Johansson, Just Transition as an Evolving Concept in International Climate Law, Journal of Environmental Law, Volume 35, Issue 2, at 229, 248, (2023).
45. Strengthening Just Energy Transition Partnerships (JETPS) Lessons learned for a just energy transition, Transparency International, 13 (2024); Schuh, A., et al., Reinforcing Ethics and Oversight in Corporate Governance: Essentials for Public Companies, The Harvard Law School Forum on Corporate Governance (2025).
46. Reinforcing Ethics at 6.
47. Chigbu, B. I., et al., Silent violence in the just transition: structural barriers, governance design, and the hidden costs of climate policy. Frontiers in Environmental Science, 1 (2025).
48. Strengthening Just Energy Transition Partnerships, supra note 45 at 12-13.