

Climate Change and People

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1. INTRODUCTION

This FAQ sets out the BSR perspective on the relationship between climate change and people. Both the physical effects of climate change (e.g., extreme weather events) and the transition to a net-zero economy (e.g., shift from fossil fuels to renewable energy) will have disproportionately adverse impacts on under-resourced and under-served communities and exacerbate the underlying systemic inequities that these communities already face. We believe that climate justice should be central to company action on climate change and address the interlocking elements of access and participation, human rights, just transition, and resilience.

2. CLIMATE JUSTICE

What is climate justice?

Climate justice is the recognition that climate change (which is primarily caused by humans burning fossil fuels) disproportionately impacts some communities over others and exacerbates underlying systemic inequalities.

Climate justice prioritizes the people and communities that are most likely to be affected by the climate crisis but are least responsible for it, and places the needs, voices, and leadership of those who are the most impacted at the forefront.

What is the connection between justice and climate change?

There are at least three key elements to the connection between justice and climate change, and these set the context for business approaches to climate justice.

- **Those least responsible are affected the most:** The climate crisis has been caused by those with the economic power and privilege to overconsume resources; however, those least responsible for climate change are also least able to adapt and recover from its impacts.
- **Existing inequities exacerbate the impact or risk:** Some people are negatively affected due to existing inequities related to income, access to resources, and livelihoods that often correlate with gender, race, disabilities, and other factors. They may also live in regions or countries most affected by the climate crisis (e.g., physical events such as hurricanes and droughts).
- **Climate policies have unequal consequences and participation:** Policies designed to manage climate change have unequal consequences, and the climate change decision making processes (e.g., emissions reductions, adaptation strategies) often exclude those most affected by the climate crisis.

What is the connection between business and climate justice, just transition, human rights, and resilience?

There are at least four ways in which climate change can disproportionately impact communities facing systemic inequities and where solutions can be focused:

- **Just transition to a net zero economy:** The transition to a net-zero economy requires a shift away from fossil fuels—but while necessary, this transition risks leaving behind workers and communities dependent on fossil fuel industries for jobs and livelihoods. For example, women risk being left out of the “green jobs” movement because current operational and technical jobs that are predominantly held by men will be redeployed to similar technical roles in renewable energy development.
- **Human rights in the renewables value chain:** The development and procurement of renewable energy can be associated with human rights violations, including land grabs and poor working conditions. For example, renewable energy supply chains require mining of metals and other precious metals for solar cells and batteries, and these industries are associated with conflict and poor working conditions.
- **Resilience to climate change impacts:** Extreme weather events, drought, flooding, sea-level rise, heatwaves, and other physical events disproportionately exacerbate systemic inequity, including lack of access to finance, healthcare, and other essentials. For example, low-income Black communities were hit hardest during Hurricane Katrina because they did not have the resources to cope.
- **Access to products and services:** Under-resourced communities are more likely to experience energy insecurity and lack access to affordable, efficient, secure, and reliable clean energy. For example, older, cheaper, and more polluting vehicles will be exported to lower income countries while advanced countries shift to an electric vehicle market.

What is “loss and damage”?

“Loss and damage” refers to the consequences of climate change that go beyond what people can adapt to, or when options exist but a community doesn’t have the resources to use them. Loss and damage can result from both extreme weather events and sea level rise, and can be divided into economic losses (e.g., disrupted supply chains) and non-economic losses (e.g., impacts on culture). Loss and damage harms vulnerable communities the most, making it an issue of climate justice. The Paris Agreement recognized the importance of “averting” (mitigation), “minimizing” (adaptation), and “addressing” (loss and damage), with the latter referring to helping people after they have experienced climate-related impacts—such as via funding, financing, and humanitarian assistance after an extreme weather event.

What should companies do to address climate justice?

Companies should ensure justice is central to their climate change strategies. There are few examples of this in practice today, so BSR encourages companies to innovate through one or more of the following three approaches:

- **Define a commitment:** Companies should ensure that justice is integrated into climate strategy, policies, practices, and investments, appropriate for their industry, business model, and location.
- **Localize action across the value chain:** Companies should co-create solutions and opportunities by first listening to communities most affected.
- **Undertake inclusive advocacy:** Companies should promote policy frameworks that address systemic injustices and institutional barriers and amplify the voices of frontline communities in climate policy, such as in relation to “loss and damage”.

3. JUST TRANSITION

What is the just transition?

The International Labor Organization (ILO) defines the just transition as follows: “A Just Transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities, and leaving no one behind. A Just Transition involves maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any challenges – including through effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights.”

BSR views the just transition as both an outcome (an inclusive and green future that maximizes the social and economic opportunities for workers and communities) and a process (a partnership with those impacted by the transition to net zero, involving people as active participants in the transition).

What does the Paris Agreement say about the just transition?

Signatories to the Paris Agreement commit to take 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.”

What are the ILO Just Transition Guidelines?

Endorsed by the ILO’s Governance Body in 2015, the ILO “Guidelines for a just transition towards environmentally sustainable economies and societies for all” provide non-binding guidance to governments and social partners on the just transition. The Guidelines set out a vision for governments, workers, and employers to use the process of structural change to support a low carbon economy, create decent jobs at scale, and promote social protection.

Are the Sustainable Development Goals (SDGs) relevant to the just transition?

Yes. The relevant SDGs are SDG 8 (“promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”) and SDG 13 (“take urgent action to combat climate change and its impacts”).

What are examples of actions companies can take?

As companies transition out of high-emitting industries and/or energy sources, they need to understand and manage their potential adverse impacts throughout operations, projects, and value chains, including both upstream and downstream. Companies can make the just transition integral to their net-zero plans in the following ways:

- Identify people (e.g., workforce, communities) who may be impacted by transition plans
- Engage in social dialogue with workers and their representatives
- Promote an inclusive workforce transition (e.g., employee training, talent development, or reskilling programs)
- Engage suppliers of renewable energy to advance just transition principles in company supply chains

The just transition is a systemic challenge beyond the reach of any one company. What else should companies do?

Companies can seek to influence the development just transition policies and strategies of governments in a responsible manner, such as encouraging the adoption of the ILO Just Transition Guidelines, promoting just

transition plans in countries, integrating just transition considerations and activities in their own operations and their supply chain, and supporting / funding civil society organizations working to achieve a just transition.

What human rights are at stake in the just transition?

Rightsholders must be central to the just transition as there is potential to impact or cause additional impact to numerous human rights. The most salient human rights include: the right to an adequate standard of living; right to fair remuneration; right to equal pay; right to just and favorable conditions of work; right to rest and leisure; right to peaceful assembly and association; right to form and join trade unions; right to equality and non-discrimination.

4. HUMAN RIGHTS

Why are human rights relevant to climate change?

The physical impacts of climate change, the transition to a net-zero economy, and the ability of communities to respond to climate change can impact any human rights contained in the International Bill of Human Rights. The impacts of rising global temperatures—natural disasters, the proliferation of vector-borne diseases, climate migration, famine, and drought—will negatively impact many human rights, such as rights to land, shelter, natural resources, mobility, health, employment, and livelihoods.

The transition to a net-zero economy will impact the rights such as an adequate standard of living, equal pay, just and favorable conditions of work, rest and leisure, and the right to form and join trade unions. For example, the development and procurement of decarbonization technology and renewable energy requires the mining of metals and minerals—however, the extraction, production, and disposal of many of these materials are associated with armed conflict, land and water grabs, violation of the rights of Indigenous peoples, the denial of workers' rights to decent work and a living wage, and other human rights abuses.

Civil and political rights such as privacy, freedom of expression, assembly, and association, and political participation are all essential for the ability of rightsholders and communities to participate in decision-making about how the impacts of climate change are addressed. The absence of adequate protection for human rights—particularly the right to information, participation in decision-making, and access to remedy—magnifies the risk faced by communities who are disproportionately impacted by both climate change itself and our response to it.

The right to share in scientific advancement and its benefits is relevant for access to technologies designed to mitigate or assist with adaptation to climate change.

Finally, the urgent need to address the climate crisis also places new pressure on intellectual property rights and raises new human rights dilemmas, such as how to balance the right to freedom of expression with the desire for a healthy information environment that supports informed decision making (i.e., address climate misinformation).

Is there a right to a healthy environment?

Yes. The right to a healthy environment was acknowledged by the United Nations Human Rights Council in October 2021 and endorsed by the UN General Assembly in July 2022. This right is interconnected with other health-focused human rights, such as the right to water and sanitation, right to food, and right to health.

What responsibility do companies have to address the human rights impacts of climate change?

The UN Guiding Principles on Business and Human Rights (UNGPs) serve as the primary internationally accepted framework for standards and practice regarding human rights and business. According to the UNGPs,

companies have a responsibility to respect human rights, which requires that companies (a) avoid causing or contributing to adverse human rights impacts through their own activities and address such impacts when they occur and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products, or services by their business relationships, even if they have not contributed to those impacts.

In the context of climate change, this means that companies have:

- A responsibility to address adverse human rights impacts related to their physical climate impacts
- A responsibility to address adverse human rights impacts related to their transition to a low-carbon economy
- An opportunity to promote the realization, fulfillment, and enjoyment of rights in a resilient world.

What is a human rights-based approach to climate change?

Put simply, companies have a responsibility to identify and address the adverse human rights impacts arising from the physical climate impacts of their business operations and the impacts associated with their transition plans. To appropriately fulfill this responsibility, companies should integrate a human rights-based approach into their climate work by consulting with impacted rightsholders, identifying potential adverse human rights impacts arising from their climate strategies, and taking action to address these impacts.

Can companies combine their use of the UNGPs and the TCFD guidelines?

Yes, there is an opportunity to embed an assessment of potential human rights impacts into the climate scenario analysis that companies undertake when implementing the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations or complying with regulatory requirements based on the TCFD.

The TCFD is based on the premise that the most significant effects of climate change will emerge over the medium to longer term, and that their timing, magnitude, and impacts are uncertain. For this reason, the TCFD offers a scenario analysis framework for assessing the potential implications of a range of plausible future states under conditions of uncertainty, allowing companies to understand how various combinations of climate-related risks may evolve over time. We believe there are opportunities to identify the potential human rights impacts of different climate scenarios during this analysis, thereby improving the quality of a company's human rights due diligence.

We believe there are opportunities to embed climate justice considerations into this analysis to explore how different scenarios may disproportionately impact some communities over others and exacerbate underlying systemic inequalities. This analysis will inform efforts to make climate justice central to company action on climate change.

5. ACCESS

Why is it important to consider access to energy?

Under-resourced communities are more likely to experience energy insecurity and lack access to affordable, efficient, secure, and reliable clean energy. We need to ensure all communities have equitable access to the resources needed to move to net zero and respond to a changing climate.

For example, small and medium sized enterprises may not have access to the Power Purchase Agreements (PPAs) necessary to reach their customers' net-zero targets, while fuel-combustion vehicles (i.e., older, cheaper,

and “dirtier” technologies) may be shipped to lower-income countries while higher-income countries shift to an EV market.

How should companies consider access to energy?

When companies implement net-zero targets across their value chains suppliers will need access to renewable energy to meet their customers’ expectations. However, not all markets have access to clean technologies or renewables in the electrical grid, and under-resourced communities are more likely to experience energy insecurity. Identifying gaps in access to energy across the value chain is an important step to deciding what proactive actions companies can take—such as policy advocacy, financing, and coalition building—to counter inequities in access to clean energy.

6. RESILIENCE

What is climate resilience?

Climate resilience is the ability to anticipate, prepare for, and respond to the impacts of climate change. Sometimes the terms “adaptation” and “resilience” are used interchangeably, but resilience has become the preferred term. Resilience emphasizes the ability to acquire new capabilities and thrive, whereas adaptation emphasizes using existing resources to navigate changing circumstances.

Why is climate resilience important for people?

It is essential to build resilience to the impacts of climate change—such as extreme heatwaves, floods, droughts, and wildfires—that we cannot prevent and that are endangering health, jobs, and livelihoods. We need to build systemwide resilience to the consequences of climate change that are now unavoidable, while simultaneously strengthening strategies to reduce emissions as quickly as possible in a bid to prevent these impacts from getting any worse.

Individuals and communities are less able to prepare, respond, and recover from extreme weather events and the spread of disease if they lack access to financing, insurance, or healthcare, or if their rights are not protected. Consequently, women, people of color, Indigenous peoples, people with disabilities, children, and the elderly in under-resourced communities are often less able to adapt and build resilience to climate impacts.

What does the Paris Agreement say about resilience?

The Paris Agreement establishes a global goal on adaptation—of enhancing adaptive capacity, strengthening resilience, and reducing vulnerability to climate change. The Paris Agreement recognizes that resilience is a global challenge faced by all and emphasizes the importance of technology development and transfer for improving resilience to climate change.

What is the role of business in building climate resilience?

Building resilience to climate change needs to be a driving force behind business strategies, investments, and policies. In doing so, we can ensure that people thrive despite climate change, such as through diverse food systems, regenerative agriculture, and new forms of economic opportunity.

Business can support climate resilience for everyone by helping to ensure that all communities across their value chains are prepared, protected, and able to rebound from climate impacts. Conducting climate risk assessments can be used to identify and understand how climate change is affecting communities across a company’s value chain, and climate resilience can be deliberately integrated into climate scenario analysis frameworks.

Companies can use climate resilience as an opportunity to identify ways to increase access to their products and services (e.g., medicines, technologies, energy, food) and help build resilience equitably. Large companies should be mindful of the need to engage smaller companies (e.g., suppliers, partners, customers) that do not have the capacity to address climate risks and bring them along in the journey—such as by providing access to renewable energy procurement, investing in technology and technology transfer, and other forms of capacity building.

Companies can emphasize the importance of equity and resilience in their public policy activities, such as prioritizing investments for low-income communities.

ABOUT BSR

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