

---

## CONSULTATIVE COMMITTEE

# DEVELOPMENT OF GUIDANCE FOR JUST TRANSITION FINANCE FOR BANKING AND INSURANCE INDUSTRIES

## TERMS OF REFERENCE

---

### Purpose and Scope of the Project

The purpose of the joint UNEP FI and ILO project is to **develop guidance on just transition finance for banking and insurance industries**. The project focus is to understand the implications of a just transition for the banking and insurance sectors and to establish guidance that provides a practical roadmap for action and ensures inclusive and equitable climate financing aligned with societal goals and national agendas for achieving environmentally sustainable economies and societies that leave no one behind.

The project aims to give recommendations on how banks and insurance companies can integrate just transition into their net-zero transition plans and strategies. The guidance will cover just transition approaches both to mitigate greenhouse gas emissions as well as to adapt to the effects of climate change.

The guidance will cover the activities of insurance companies and banks, including consumer banking, business banking, and investment banking. The project will investigate the relationship with stakeholders, public-private partnerships, collaborative finance, policy, key market drivers and civil society organisations. The process is expected to include combined research and collaborative work with financial institutions, including banks and insurance companies, policymakers, civil society, businesses and trade unions.

The guidance will be informed by existing guidelines and research addressing the social aspects of climate change. In particular, the [ILO Just Transition Guidelines](#) issued to ensure that the transition to a green economy considers the social dimension and its impact on jobs; the UN-supported Principles for Responsible Investment's [Guide for Investor Action on Climate Change and the Just Transition](#); the [Just Transition Finance Tool for banking and investing activities](#) published by ILO and the LSE Grantham Research Institute; and other recent initiatives, such as GFANZ and others.

### Objective

The main objective of this project is to produce guidance and recommendations for practical actions that financial service providers in the banking and insurance industries can take to integrate the social dimension of the low-carbon transition, improve financial inclusion, and promote decent job creation through financial support and decision making and provide climate finance that “leaves no one behind.”

## Key Deliverables

**Guidance for Just Transition Finance for banking and insurance industries** to be launched at COP 28 in November 2023.

## Responsibilities

Active participation in on-line workshops with other members of the Consultative committee and the Expert Advisory Board, webinars and the launch event.

Contribution to and feedback on draft iterations of the guidelines to ensure they are fit for purpose.

Provision of expertise and guidance regarding projects and activities around financing a just transition.

## Indicative Timeline

<b>Milestones</b>	<b>Dates</b>
<b>Call for expression of interest to join the Consultative Committee</b>	January 2023
<b>Committee membership finalised</b>	March 2023
<b>Workshop #1</b>	April 2023
<b>Response to case study/benchmarking exercise</b>	April 2023
<b>Workshop #2</b>	June 2023
<b>Feedback on the 1<sup>st</sup> draft</b>	June 2023
<b>Workshop #3</b>	July 2023
<b>Feedback on the final draft</b>	August 2023
<b>Launch of the Guidance at COP 28</b>	November 2023
<b>Webinar</b>	December 2023

## Contact Details

For more information or to get involved, contact UNEP FI Social and Human Rights Lead [Joana Pedro](#).

## Organizational Background

The **International Labour Organization** (ILO) is devoted to promoting social justice and internationally recognized human and labour rights. As the only tripartite UN agency, it brings together governments, employers and workers representatives of 187 member states to set labour standards, develop policies and devise programmes promoting decent work for all women and men. It supports its constituents as well as development partners to advance decent work, social justice and environmental sustainability simultaneously. The ILO has been working with the financial sector for more than three decades, and recognises it as a crucial enabler of a just transition to environmentally sustainable economies and societies. The workstream on Just Transition Finance is implemented in collaboration between two ILO programmes, namely [Green Jobs](#) and [Social Finance](#). Through these programmes, the ILO supports operationalising the *ILO Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for all* and assists generating decent employment opportunities with a reduced environmental impact and an increased ability to cope with climate change challenges. Towards this same goal, the ILO works across different levels of the financial sector, including investment, banking, and insurance, and tests new financial and non-financial products, delivery channels and sustainability management approaches, and measures and disseminates lessons of the impact achieved.

The **United Nations Environment Programme** (UNEP) is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment. The UNEP Finance Initiative (UNEP FI) ([www.unepfi.org](http://www.unepfi.org)) is a unique global partnership between the UNEP and the private financial sector. UNEP FI works closely with over 400 financial institutions that are signatories to the UNEP FI Statements of Environmental Commitment, and a range of partner organizations to develop and promote linkages between the environment, social and financial performance. Through its industry commissions, thematic advisory groups and regional activities, UNEP FI carries out its mission to identify, promote, and realize the adoption of sustainability practice at all levels of financial institution operations. UNEP FI works with members and partners to embed social and human rights considerations into mainstream finance.

**The ILO and UNEP together are uniquely positioned to help the finance sector contribute to a just transition, aligned with the 2030 Agenda principle to leave no one behind.**