EXTERNAL ADVISORY GROUP

DEVELOPMENT OF GUIDANCE ON 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 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."

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.

Key Deliverables

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

Membership

In order to support the project, UNEP FI and the ILO invite representatives of international organizations, academia, sustainable finance stakeholders and standard setters, civil society and human rights organizations, development actors, environmental groups, workers' and employers' organizations as well as individual experts with relevant expertise to join the External Advisory Group (EAG).

Responsibilities

Provision of expertise and guidance around financing a just transition.

Contribution to and feedback on draft iterations of the guidance to ensure it is fit for purpose.

Active participation in on-line workshops, webinars and the launch event.

Indicative Timeline

Milestones	Dates
Establish membership of External Advisory Group	February 2023
Workshop #1	April 2023
Response to case study/benchmarking exercise	April 2023
Workshop #2	June 2023
Feedback on the 1st draft	June 2023
Workshop #3	July 2023
Feedback on the final draft	August 2023
Launch of the Guidance at COP 28	November 2023
Webinar	December 2023

Contact Details

For more information and to get involved, please contact out team.

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) 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.