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DISTRIBUTIVE JUSTICE AND THE ROLE OF BUSINESS:

OPERATIONALISING FAIRNESS IN THE ENERGY TRANSITION

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IHRB is grateful to each of the individuals who gave their time and expertise to this process. The analysis draws substantially on expert consultations conducted with practitioners, legal specialists, community equity advocates, economists, and business leaders working at the interface of energy transition and justice in South Africa. Their frank and often divergent perspectives on distributive justice shaped the thinking throughout this report in ways that desk research alone could not. South Africa's particular history, its existing frameworks for addressing racial maldistribution, and the scale of its energy transition make it a uniquely instructive context through which to examine issues that carry global relevance.

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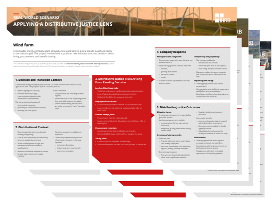
Responsibility for the analysis, conclusions, and any errors rests with IHRB.

Additional Resources

You can listen to the authors discuss the reasons behind why this guidance was created, what it seeks to achieve, and why this is a useful tool for business. Listen at ihrb.org/latest



You can also access four "Real World Scenarios" that apply the Legitimacy Criteria and Four Steps in this guidance. The briefs span coal plant repurposing, wind farm development, transmission corridor upgrades, and building a new green hydrogen export facility. Find out more at https://www.ihrb.org/issues/just-transitions

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EXECUTIVE SUMMARY

The energy transition will inevitably reshape how costs and benefits are distributed across societies, sectors, places, and generations. Distributive justice is not peripheral to the transition - it is one of its central concerns. While these issues are often discussed at a macro level, distributional outcomes are also produced through everyday business decisions, including choices about investment, siting, hiring, procurement, closure, remediation, and benefit design. In this sense, businesses are not simply operating within the just transition; they are actively shaping whether its outcomes are experienced as fair or unfair.

Distributive justice is not a new concept - it has deep roots in political philosophy and clear relevance to contemporary human rights, development, and environmental debates. At the same time, it highlights why its application in practice can be complex. Questions of who should benefit, who should bear costs, what counts as a fair share, and how past harms should inform present and future decisions do not lend themselves to simple formulas. This is why distributive justice is a useful lens for business decision-making: not because it supplies a single answer, but because it helps make visible the distributional consequences of corporate action and creates a basis for more deliberate, reasoned, and defensible choices.

For business practitioners, the value of a distributive lens is practical. Distributional choices influence whether projects are seen as legitimate, whether communities and workers regard transition processes as credible, and whether businesses face trust, contestation, or resistance. A distributive justice perspective therefore strengthens the ability of companies to identify where benefits and burdens are being unevenly allocated, where social licence may be weakened, and where a more intentional approach could reduce harm, expand opportunity, and improve the long-term durability of transition decisions.

The proposed legitimacy criteria and practical steps seek to translate these insights into clear business processes that can support more deliberate action. They show how industry practitioners can identify the business decisions and external drivers shaping distributional effects, map the potential costs and benefits for different groups, assess the severity and reach of distributional risks, and take steps to reduce maldistribution by both minimising harms and designing benefits more strategically. The legitimacy criteria support this process by helping companies assess whether their choices are not only efficient or lawful, but also credible, fair, and justifiable in the eyes of those most affected.

None of this suggests that companies can resolve all structural injustices, nor that they should replace the role of the state - but it does assert that businesses can make better distributive decisions than they often do currently. By using distributive justice as a lens, businesses can move beyond treating fairness as an implicit by-product of transition activity and instead approach it as a matter of conscious analysis, internal resourcing, stakeholder engagement, and justification.

In a transition that will unavoidably create new patterns of advantage and disadvantage, this is essential not only for responsible business conduct, but for whether the transition itself is seen as legitimate, credible, and worth supporting.

1. INTRODUCTION

The idea of a *just transition* has no single, universally agreed definition[1], but most policy frameworks converge on the principle that the shift to low-carbon energy systems should be fair and inclusive, leaving no affected workers or communities "behind". At its core, a just transition asks how the costs and benefits of moving away from fossil fuels are broadly shared by public and private actors at multiple levels - from the individual project to the regional, national, and international scale[2]. This raises fundamental questions of distributive justice, which addresses who gains, who loses, and how past and future burdens of such decisions might be allocated more fairly. Yet, despite being central to the concept of a just transition, distributive justice is rarely applied in a deliberate or systematic way by governments or businesses, largely because its operationalisation is complex, resource-intensive, and often beyond existing institutional capacities.

BOX 1

Different manifestations of distributive justice in the energy transition

Even though the notion of a 'just' energy transition is inseparable from distributive justice, people tend to use the term "distributive justice" to refer to different manifestations or scales of distributional outcomes within the energy transition. Some formulations of distributive justice focus on the local level, emphasising the need to avoid unfairly burdening workers and communities who are most directly affected by the decline of coal, oil, and gas. Others frame the transition as a chance to create more equitable outcomes in energy value chains and extractive industries, opening space for groups historically excluded from decision-making and employment. At the international level, the idea also carries a strong historical dimension: wealthier countries that contributed most to climate change are expected to finance decarbonisation and resilience efforts in poorer countries (known as "Common but Differentiated Responsibility" - CBDR - within the UNFCCC system).

Why does distributive justice matter for business?

Distributive justice matters for business practitioners, because decisions that overlook distributional effects are more likely to be contested and less likely to be seen as legitimate, exposing firms to reputational and operational risks while deepening existing injustices for affected people. The consequences of this gap become clearer when viewed through a local scenario.

Imagine you are a 25-year-old man in eMalahleni, Mpumalanga, South Africa. Your childhood was not easy, but your father's steady job in the coal mine kept your family afloat. He made sure you stayed focused on school, and you worked hard to keep up and stand out. After matriculating, you planned to follow in his footsteps and pursue a technical qualification. But now you learn the mine is closing. Neighbours whisper about looming layoffs and shrinking pensions. The company is reportedly pivoting to renewables and preparing to build a solar farm nearby, yet the skills you worked so hard to develop do not quite fit, and there are far fewer jobs. To make matters worse, your father's years of exposure to coal dust have taken a toll on his health, and you have to take on extra work to care for him, leaving little time for further training. The company has advertised a handful of new jobs, but competition among local youth is intense and there are more workers interested than jobs available. Rumours spread that recruiters are taking bribes from outsiders in Johannesburg and giving them the positions. It feels like the odds are stacked against you.

Now imagine you are a mid-level human resources manager at the same mining company, recently rebranded as an energy firm. You are from eMalahleni yourself, and your colleagues abroad expect you to keep the community on side, so the project is not delayed or destabilised by social opposition. But the pressure is relentless. Hundreds of queries flood in each month, often from angry residents demanding to know why grievances from the old mining operation remain unresolved and why they are not benefiting from the new solar farm, even as the company posts record global profits. The government promised a "just transition" that would open new opportunities, and people are now looking to you to deliver on that promise. When you evaluate candidates for the company's new solar farm project nearby, the two strongest applications come from Johannesburg. Your bosses insist that technical excellence must be the only criterion, and they dismiss your request for resources to communicate the process more clearly with locals. When you ask about addressing legacy issues from the mine, they contend that, in the context of volatile renewables markets, the business needs to look forward, and cannot spend money or time on issues from the past. You are expected to calm community anger without the tools to do so. Now rumours circulate that you personally accepted a bribe to hire outsiders. It feels like the odds are stacked against you.

These two perspectives show why distributive justice matters – for those affected by decarbonisation disruption, and for practitioners working across transition planning and implementation.

For the young man, it is the lived reality of a transition that promises opportunity but feels out of reach. For the HR manager, it is the impossible position of being held accountable for fairness without the tools to deliver it. As will be explored below, views on the most 'just' distribution of costs and benefits will - often unavoidably - differ. It is difficult to provide a perfect formula for who should win or lose. But awareness of distributional challenges offers a way for companies to recognise competing claims, make trade-offs visible, and explain decisions in a way that strives for broad societal legitimacy[3].

A company that applies distributive justice as a lens would act differently in the scenario outlined above. For example, it might take responsibility for remedying past harms such as occupational illnesses and shrinking pensions, especially given the additional capacity its record profits could enable. It might build capacity in local staff to carry out human rights risk assessments and ensure those risks are prioritised. It might equip managers to engage potentially affected people, and to allow the time to communicate the reasons for distributional choices as widely as possible, so decisions are trusted even when resources are scarce. Most importantly, it would have planned ahead: preparing a clear pathway from coal to renewables long before closure, and training local workers in time to benefit from the opportunities of the transition.

About this white paper

This white paper delves into the specifics of distributive justice in the context of corporate actions within the energy transition. It draws on engagements with stakeholders and practitioners in South Africa, where distributive justice has emerged as a critical but insufficiently operationalised dimension of the energy transition. As one of the three pillars of South Africa's Just Transition Framework[4], distributive justice is a central and lived concern, rooted in the country's history of inequality and reflected in ongoing experimentation with policy, regulation, and corporate practice. This makes South Africa a practical lens through which to generate insights applicable to other contexts.

BOX 2

The paper is written for private sector professionals working in a diverse range of corporate responsibility and sustainability related functions. The purpose is to enable navigation of business decisions with distributive justice implications. It offers advice in the form of legitimacy criteria, that assist in determining a distributional decision. This can enable businesses to see more clearly who gains and who loses from their decisions, making distributional choices explicit rather than implicit. In doing so, it can help to strengthen an enterprise's social licence to operate by demonstrating that benefits are shared fairly and that burdens are not disproportionately placed on vulnerable groups. It also allows companies to anticipate where tensions, contestation, or resistance may arise, reducing the risk of conflict and operational disruption, while identifying opportunities to design approaches that create value in ways that are more widely shared and socially defensible.

At the same time, the paper recognises that distributive justice does not prescribe a single correct outcome or fixed model of distribution. Rather, it provides a framework for engaging with inherently contested questions about what constitutes a fair allocation of benefits and burdens. The legitimacy criteria presented here can assist even in grey areas.

This paper proposes that distributive justice should be used as a critical lens for business decision-making in the context of the energy transition. It is not about finding a single definition of justice, but about becoming more aware of how different choices create different distributional effects.

The paper progresses in a clear sequence.

- It begins by showing ***why*** distributive justice is central to the energy transition, and why the question of who gains and who loses cannot be avoided by businesses trying to make transitions work for their operations and for those impacted by their activities.
- It outlines how ***principles*** that inform notions of distributive justice can be understood and applied in ways that advance responsible policy decisions in the context of the energy transition.
- It explains how distributive justice is not merely an abstract idea, but one that can be ***systematically interpreted and applied in practice***, with direct implications for risk, legitimacy, and opportunity.
- The final section then translates these insights into a ***practical guide***, setting out how businesses can intentionally surface distributional risks that may otherwise remain embedded in business plans, budgets, siting choices, hiring models, procurement, pricing, and closure or transition decisions, and how these risks can be addressed and managed, both internally and with stakeholders, using a set of legitimacy criteria.

The case for operationalising distributive justice

A distributive justice perspective helps companies to recognise and mitigate the large- and smaller-scale adverse impacts to people. At a high level, the impending costs of the energy transition for workers, communities, and vulnerable groups are already well documented, as illustrated in Table 1 below. Job losses in carbon-intensive sectors, particularly coal, remain the most visible and politically charged challenge. Yet companies involved in the transition will also face a diversity of distributional trade offs at a more granular, day-to-day level. As they adapt operations, invest in new technologies, or redesign supply chains, each business decision or action has the potential to shift costs and benefits among external stakeholders. Even for those involved in 'green' projects such as renewable energy, the distribution of costs and benefits is not inherently or automatically fair and requires deliberate assessment and management. Poorly designed projects can reproduce land conflicts, biodiversity loss and social exclusion.

The transition also carries opportunities to generate benefits. These include broad societal gains, such as cleaner air and new energy sources, but also targeted measures designed to support potentially and actually affected people. Companies can play a role in strategically shaping these targeted benefits, whether through their own efforts, or by partnering with government funding schemes aimed at reskilling, social protection, or community development. A distributive justice lens further enables enterprises to be more aware in how they design and deliver such measures, ensuring that benefits are not only created intentionally but distributed in ways that are perceived as legitimate and fair by local stakeholders - contributing to the establishment and maintenance of their social license to operate in the long term.

TABLE 1 Possible distributional injustices caused by changes in private sector

Position in value chain	Downscaling, closing, and businesses e.g. coal extractors, refineries, coal processing plants, ancillary services	Coal-fired power plant	Renewable energy providers	Industrial / commercial energy users	New producers of green technologies	Financiers
Possible change	*EG: Closure of operations –› job losses + loss of procurement spend*	*EG: Closure of operations –› job losses + loss of procurement spend*	*EG: Source switching; expanding infrastructure –› new land, new infrastructure, new procurement spend*	*EG: Source switching or own generation –› new land, new infrastructure, new procurement spend*	*EG: New land, new infrastructure, new procurement spend*	*EG: Capital reallocation, norm / conditions enforcement*
Employment and livelihoods	• Job losses from closures and restructuring		• Job losses from closures and restructuring • Skills mismatches that exclude local workers • Maldistribution of new job opportunities			
Land and natural resources			• Displacement • Loss of agricultural, grazing, or culturally significant land • Unequal allocation of water or other resources needed for energy or mining			
Community and regional impacts	• Decline of local economies • Shrinking municipal tax bases • Downstream job losses • Distortion of informal economy					
Consumer and household burdens			• Rising energy prices as subsidies shift or infrastructure costs are passed to consumers • Unequal access to decentralised renewables		• Rising energy prices as subsidies shift or infrastructure costs are passed to consumers • Unequal access to decentralised renewables	
Supply chains and value capture			• Lack of value addition in resource-rich regions • Concentration of profits in corporations rather than SMMEs			
Legacy issues	• Illnesses from fossil fuel exposure (silicosis, respiratory disease) • Inadequate rehabilitation of closed mines and plants • Unaddressed grievances					

Origin and applications of distributive justice

At its core, distributive justice is about how the benefits and burdens of society are shared. Think about the 'scale' icon frequently used to represent the concept of justice - it asks who gains and who carries the costs when resources are produced, allocated, or consumed. It is concerned with societal goods that can be transferred or shared, such as income, wealth, jobs, or access to services, rather than non-transferable attributes like individual talent or personal abilities.

Distributive justice is not a new or standalone concept, but one with a long lineage in political philosophy and more recent application in law and policy.

- It is most prominently associated with the work of John Rawls, whose seminal work *A Theory of Justice*[5] set out influential principles for how social and economic inequalities should be arranged – although these ideas have been widely debated and contested.
- Beyond philosophy, distributive justice has been taken up across disciplines[6] including development studies, economics, and environmental governance[7], where it is used to interrogate how the costs and benefits of large-scale transitions are shared.
- It also has important connections to international human rights frameworks (see Box below), particularly economic, social and cultural (ESC) rights[8], which establish legal obligations on states to ensure equitable access to essential goods and services such as health, housing, and work. While human rights standards do not always explicitly use the language of distributive justice, they provide a normative and, in some cases, legally binding foundation for assessing whether distributions are fair, non-discriminatory, and attentive to the needs of the most affected or vulnerable. In this sense, distributive justice offers a complementary lens that can deepen how these obligations are interpreted and applied in practice, including in the context of the energy transition.

Notions of distributive justice are already embedded in the systems around us.

- Laws, institutions, and policies draw on certain notions of fairness, and shape distributional outcomes in society.
- Every pricing model, tax rule, subsidy, and investment decision has distributional effects because it determines how gains and losses are shared.
- Therefore, distributive justice speaks to the structural conditions of society, which are not designed by any single person but emerge from complex social histories and relations.

At the same time, distributive justice also concerns the decisions and agency of individuals and institutions, beyond state-driven decisions, because other actors influence distributional outcomes in parallel. Companies decide from where to procure goods, what to pay their workers, and determine which business practices – and accompanying externalities – are acceptable.

Many theorists argue that distributive justice is *the most important* dimension of justice because it speaks directly to lived experience[9]; it is not only about ideals or aspirations but about outcomes - distributive justice manifests in material ways (as opposed to abstract), such as how land, jobs, or energy are allocated.

Complexities of distributive justice

Translating ideals into practice means weighing competing priorities and making choices about how resources are divided. And because it is anchored in these decisions, **distributive justice is centrally concerned with weighing trade-offs.**

Defining distributive justice is complex because it involves many moving parts, and there is no consensus regarding "best practice" for companies seeking to implement such approaches. Following one line of reasoning often creates trade-offs at scale or in the future that can undermine the very idea of justice it aims to promote (see Box below). As a result, debates over distributive justice often function as proxies for broader political disagreements about whose interests should be prioritised and on what grounds.

BOX 3

Applying the "veil of ignorance"

Philosopher John Rawls suggested that to work out what a just society looks like, we should imagine ourselves in an "original position" behind a "veil of ignorance".

This means stripping away all knowledge of our personal circumstances. We do not know whether we are rich or poor, male or female, healthy or ill, part of a powerful group or a marginalised one.

From this neutral position, Rawls argued, we would design rules and institutions that are fair to everyone because no one would want to risk ending up at the bottom. While highly influential, Rawls' framework is one of several approaches, alongside more explicitly egalitarian perspectives and meritocratic views that tie outcomes to effort or contribution.

When you consider the complex questions arising, pause and ask:

- If I did not know my position in society, what arrangement would I accept?
- Would I support this arrangement even if I am among the least advantaged?

The complexity revolves around:

- **What should be distributed?**
  Should distributive justice focus on economic goods such as income, jobs, and welfare provisions - or extend to capabilities, well-being, and broader opportunities?
- **Between whom should distribution occur?**
  Should justice be considered between individuals, social groups, economic actors, nations, generations, or even between humans and nature?
- **Who bears responsibility for addressing maldistribution?**
  Is this primarily a role for the state, or do responsibilities also fall on institutions, businesses, and individuals?
- **On what principles should distribution be based?**
  Should outcomes be guided by equality, need, merit, maximisation of overall welfare, or the results of market transactions?
- **Which inequalities are acceptable, if any?**
  Are some inequalities defensible if they arise from fair processes or improve outcomes for those who are worst off?
- **Can responsibilities be assigned asymmetrically?**
  Is it legitimate to place greater obligations on those who are better off to address the burdens borne by those who are worse off?
- **How should history and time factor into present distributions?**
  Should current allocation decisions take account of past harms, exploitation, or accumulated privilege, and if so, how?
- **What is the scope of responsibility?**
  Is justice satisfied by avoiding harm, or does it also entail positive obligations to provide or redistribute economic goods?
- **When do public interest claims override distributional fairness?**
  Can appeals to collective benefit legitimise outcomes that are otherwise unjust?

It is therefore difficult – perhaps impossible – to agree on one single definition of justice, distributive justice or otherwise. Each person's view is deeply shaped by their societies, cultural backgrounds, and life experiences, including the injustices or privileges encountered throughout. Understandings of justice also change over time as social norms and expectations evolve. Furthermore, debates about distributive justice immediately "feel" political, because it goes to the most fundamental question of politics - namely, *who gets what, on what basis, and who gets to choose?*

Some scholars argue that seeking consensus on a perfectly just society is not the right aim. The Nobel Laureate Amartya Sen, for example, suggests that justice should be seen as an **ideal** rather than a blueprint[10]. In reality, we cannot eliminate all injustice, but **we can recognise where it exists and work to reduce it**. This approach also underscores that distributive justice cannot be separated from procedural justice, which shapes how decisions are made and who has a voice, and recognition justice, which determines whose experiences and claims are acknowledged (see Annex A). The practical test, therefore, is to reduce identified injustices and prevent new ones, while ensuring decisions remain compatible with the rights of, and commitments made to, affected people. The aim, therefore, is not to locate a perfect formula for "the" just distribution, but to make choices that measurably reduce maldistribution and are defensible to those most affected.

2. HOW TO OPERATIONALISE FAIRNESS: A LENS FOR BUSINESS DECISION MAKING

For businesses, distributive justice provides a valuable *lens* for making sense of how their decisions shape the distribution of benefits and burdens - particularly in the context of the many industrial transitions underway to decarbonise emissions and adapt to increasing climate impacts on infrastructure and facilities. Within these kinds of disruptive changes, every company makes choices that affect who gains and who carries costs - whether through jobs, procurement, investments, or environmental impacts. Assessing these effects enables businesses to better understand where operations build legitimacy and where they generate social and material risks. For practitioners, insights from a distributive justice perspective can therefore support more informed and responsible decision-making, helping to anticipate potential social conflict, identify social opportunities, and, in some cases, align business success with social value. Some benefits to this approach are outlined below:

The business case for adding a distributive lens

- **Legitimacy and the social license**

  Business depends on a degree of social consent. Companies operate on the basis that their presence is recognised as legitimate and valuable. Distributive justice provides a way of thinking about how that legitimacy is earned. When companies are seen to share benefits fairly and not offload burdens onto vulnerable groups, they reinforce the social contract that underpins their ability to operate.

- **Companies *already* make distributional choices**

  Every business decision has distributional consequences. Hiring practices, pricing models, community investments, procurement strategies, and even the location of infrastructure all shape who gains and who carries the costs. Most of the time these choices are implicit rather than explicit. Applying distributive justice insights makes them visible and allows companies to be more deliberate in recognising patterns of potential maldistribution and in identifying opportunities to reduce them harms while maximising benefits.

- **Preventing conflict and protecting operations**

  Many of the conflicts that surround mines, energy projects, or other large operations are driven by experiences and perceptions that benefits and burdens have been distributed unfairly, or by frustration that decisions were not explained or negotiated clearly. Even ostensibly well-intentioned attempts by a business to advance policies consistent with equity and fairness aims – for instance through a social programme – can be experienced as an injustice if people feel like they've unfairly missed out on the benefit. Ignoring such dimensions can be costly. By applying a distributive justice lens, companies can better anticipate where these pressures may emerge and take steps to address them early. This reduces operational risk and helps build more durable relationships with potentially affected stakeholders.

- **Filling governance gaps and complementing strong regulation**

  In some contexts, states are unable to regulate businesses effectively or are too dependent on foreign investment to hold firms accountable. In these environments, a distributive justice lens provides companies with a framework for responsible decision making where oversight is otherwise limited. In other contexts, where governments play a strong regulatory role, distributive justice still has value: focusing on issues of fairness can help companies justify their role in society by showing that they go beyond compliance and contribute within the scope of their available resources to development outcomes.

- **Alignment with human rights and international standards**

  Distributive justice also connects directly to international human rights and other social sustainability standards (see next section). These frameworks increasingly require companies to assess how their activities affect the distribution of benefits and harms. Using distributive justice as a lens helps companies align their practices with international expectations and demonstrate consistency with their stated commitments.

- **Risk management and opportunity maximisation**

  Finally, distributive justice insights can support business leaders in managing risks and spotting opportunities. Companies that engage with these challenges proactively will be better placed to create shared value, strengthen resilience, and contribute to poverty alleviation in ways that benefit both society and business in the long run.

- **Smart, transition-specific benefits**

  A distributive justice approach highlights that benefits of specific decisions should not be treated as incidental, but designed strategically to fit the context of the energy transition. This is important because it pushes companies to think beyond immediate risk management and toward preparing communities for post-closure and post-transition livelihoods. By approaching benefits as part of a longer-term resilience strategy, and by using its design and distribution as opportunities to listen and build trust, companies strengthen their legitimacy with affected stakeholders, and demonstrate that they take local perspectives seriously.

Comparing distributive justice and the corporate responsibility to respect human rights

The international standard for responsible business conduct when it comes to social impacts - the UN Guiding Principles on Business and Human Rights (UNGPs), endorsed unanimously in 2011 by the UN Human Rights Council - does not refer to 'distributive justice' specifically, but the UNGPs do address many of the same core concerns. For businesses, the overlap is highly relevant.

1. Respect for human rights - a baseline expectation

The "responsibility to respect" pillar requires companies to 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 practice, this aligns strongly with recognising the distributive dimensions of business: there is no offsetting when it comes to ensuring respect for human rights - harm inflicted in one area cannot be offset by good done elsewhere.

2. Balancing costs, risks, and externalities

The UNGPs also call on states to enforce laws on labour, non-discrimination, land, and the environment to prevent companies from offloading risks and costs onto vulnerable groups. For business, this means recognising that profits cannot be maximised by externalising harms to workers, communities, or ecosystems.

3. Understanding vulnerability

The UNGPs emphasise non-discrimination and special attention to groups at higher risk of exclusion, such as women, children, indigenous peoples, migrants, and persons with disabilities. For business, this means assessing whether your operations and supply chains deepen existing inequalities or actively address them.

4. Remedy as redistribution

The third pillar of the UNGPs, access to remedy, speaks most directly to distributive justice. Remedy can take the form of restitution, rehabilitation, compensation, or guarantees of non-repetition. Each of these redistributes resources or opportunities in order to restore balance after harm has occurred.

Where distributive justice and the UNGPs diverge is with the UNGP's primary focus on avoiding harm to people through proactive processes that operationalise respect for human rights. The UNGPs do not call on companies to actively fulfil human rights or promote equitable distribution of wealth or opportunity as part of a response to broader inequality. The UNGPs do not directly address the issue of large societal disparities in wealth or power, unless tied to specific rights abuses involving corporate action or inaction.

The concept of distributive justice on the other hand focuses much more on systemic patterns, rather than individual harms. In that sense, the UNGPs align partially, with their focus on impacts to people, respecting human rights, preventing harm, and prioritising vulnerability. **Implementation of the UNGPs by business will therefore get businesses some way down the distributive justice pathway, but not fully** - the UNGPs do not fully extend to distributive justice questions that seek to contribute to addressing systemic inequality, redistribution, and structural economic fairness.

In practice, the exact configuration of benefits and costs that are considered "fair" is not clear-cut. Different groups may hold competing, yet reasonable, views about how benefits and burdens should be shared, and these cannot always be fully reconciled. Unlike some areas of human rights due diligence, where certain impacts can be more clearly identified as unacceptable, questions of distribution often sit in a grey area. This means that companies must make judgement calls between competing claims, under conditions of uncertainty and contestation. In this context, what matters is not only the outcome itself, but whether the decision can be justified and defended to those affected, and whether the process of arriving at it is seen as credible and fair.

This divergence between the UNGPs and distributive justice also relates to the wider reality of economic, social, and cultural rights, where most governments have made legal commitments to progressively realising these rights. This commitment to progressive realisation makes distributive justice claims and action all the more relevant in the context of business when thinking about issues beyond just those of who provides basic services like access to water, sanitation, health care, and so on.

Legitimacy criteria for applying a distributive justice lens

Distributional outcomes are shaped by everyday business decisions - choices about investment, hiring, procurement, siting, and closure - that collectively determine who gains and who bears costs. Making those choices more deliberate requires first making them visible, and then being able to justify them to those most affected. That is what legitimacy means in this context. It is not a legal threshold or a reputational metric, but a practical test: whether decisions are experienced as fair and defensible by the people who live with their consequences.

BOX 4

Legitimacy requires *both* **substantive fairness** - outcomes that do not place disproportionate burdens on vulnerable groups - *and* **procedural integrity**: decisions arrived at through processes that are transparent, inclusive, and genuinely responsive. A process can be technically compliant yet lack legitimacy if its outcomes are perceived as unjust. Conversely, even difficult or imperfect outcomes can retain legitimacy if the reasoning behind them is clearly communicated and open to scrutiny.

The criteria that follow set out the conditions under which distributional choices are more likely to meet that test. They address primarily *how* distributions are made - the processes, governance, and accountability conditions that affect whether decisions are experienced as fair - rather than prescribing *what* a just distribution looks like in any given context. Questions of substantive outcome - who ultimately gains, who bears costs, and on what basis - are inherently contested and no single framework can resolve them. What the criteria can do is support companies in making those choices in ways that are more deliberate, transparent, and defensible to those who live with the consequences.

The criteria are ordered to reflect a logic of *foundations* before process, and *process* before *commitments*: starting with the historical and relational conditions that shape whether any subsequent steps can be legitimate, and closing with the institutional conditions that make them credible over time. They operate within the limits of firm-level agency and are most effective when applied alongside - not instead of - the structural conditions that shape whether genuinely equitable outcomes are possible: policy frameworks that distribute transition costs and benefits fairly across society; ownership and financing models that extend economic stakes beyond shareholders, and; governance systems that hold both business and government accountable.

These criteria do not presuppose that all transition-related inequality is unjust, or that companies bear responsibility for systemic failures they did not create. What they do assert is that companies make distributional choices constantly, and that making those choices more deliberate, better communicated, and more responsive to those affected is both achievable and consequential.

TABLE 2 Legitimacy Criteria For Businesses Operationalising Distributive Justice

LEGITIMACY CRITERIA	APPLICATION (ENERGY TRANSITION EXAMPLE)	OUTCOME
Reflects historical responsibility Past harmful impacts - such as health harms, pension shortfalls, or environmental degradation - are acknowledged and remedied to the greatest extent possible. New distributional decisions are assessed in light of pre-existing inequalities and legacies of harm, rather than treating each project as a fresh slate.	*E.g., a company funds healthcare support and pension top-ups for former coal workers affected by occupational illness before launching a new renewables project on adjacent land.*	**Improved trust and reduced resentment linked to legacy harms, supporting acceptance of new projects.**
Structured to value diverse forms of knowledge Community perspectives and diverse lived experience - including local knowledge held by women, Indigenous peoples, and others typically excluded from technical processes - are treated as substantive inputs rather than consultation formalities.	*E.g., project design incorporates local knowledge about seasonal water use and grazing patterns when siting renewable infrastructure.*	**Fewer unintended disruptions to livelihoods and more context-appropriate project design.**
Inclusive and participatory Directly affected stakeholders, particularly those vulnerable and likely to bear disproportionate costs or risks, are identified and engaged through processes that enable informed participation. Clear feedback loops show how their input has shaped, adjusted, or informed outcomes - not merely been recorded.	*E.g., a company co-designs local hiring criteria for a solar project with community representatives, and publishes how community input changed recruitment rules.*	**Greater acceptance of hiring outcomes, even among those not selected, and reduced perceptions of bias or exclusion.**
Verified Affected people - particularly those with less power or greater exposure to impacts - can attest that these criteria are experienced in practice from their side of the relationship. Verification is built into process design as an ongoing accountability mechanism, not treated as a post-hoc company self-assessment.	*E.g., independent surveys or community forums confirm that affected groups feel consulted, informed, and fairly treated - and results are published.*	**External validation of legitimacy, strengthening credibility beyond company self-reporting.**
Assessed and sequenced Distributional impacts are proactively anticipated and assessed over time, identifying who gains and who loses; with losses, protections, and benefits clearly sequenced to minimise harm throughout and with safeguards and enabling measures in place before impacts rather than deferred to uncertain future phases.	*E.g., closure of a coal plant is announced alongside a funded retraining and job placement programme that begins before layoffs take effect.*	**Workers experience reduced income shocks and are more likely to transition into new roles rather than face abrupt unemployment.**

TABLE 2 Legitimacy Criteria For Businesses Operationalising Distributive Justice

LEGITIMACY CRITERIA (CONT.)	APPLICATION (ENERGY TRANSITION EXAMPLE)	OUTCOME
Capabilities-oriented Outcomes expand people's real opportunities - that is, their substantive freedom to achieve valued ways of living - by addressing barriers such as transport, childcare, and skills gaps, and by responding to local contexts and vulnerabilities. Benefits are designed as long-term enablers of livelihood resilience, not one-off transfers.	*E.g., a reskilling programme for renewable energy jobs includes transport stipends and childcare support to enable participation by women and low-income workers.*	**More inclusive access to new opportunities and improved long-term livelihood prospects for affected groups.**
Transparent Initial options - including rationales, any trade-offs, and eventual final decisions - are openly communicated to those affected.	*E.g., the company publicly shares how it balanced local hiring targets with technical requirements and project timelines.*	**Reduced rumours, misinformation, and accusations of favouritism or corruption.**
Justifiable Decisions can be explained and defended to those most affected in ways they recognise as reasonable, even if not favourable. Where not all affected people can benefit equally, the basis for allocation is made explicit and open to scrutiny.	*E.g., a company explains why not all displaced workers can be rehired, but clearly sets out criteria used and alternative support provided.*	**Even those adversely affected understand the rationale, reducing perceptions of arbitrariness or unfairness.**
Coherent and resourced Decisions with distributional impacts are adequately resourced and embedded across functions, applied consistently over the project lifecycle, and aligned with public commitments.	*E.g., commitments to local benefit sharing are backed by dedicated budgets, internal KPIs, and coordination between procurement, HR, and community teams.*	**Delivery matches commitments, avoiding reputational damage from unmet promises.**
Governance-aligned Interactions are conducted with dignity and sensitivity, with consistent follow-through, and decisions are aligned with human rights standards, corporate responsibilities, sustainability good practices, and government obligations and transition commitments.	*E.g., land for a wind project is acquired through fair negotiation, with respect for informal land rights and timely compensation aligned with legal and human rights standards.*	**Reduced grievances and legal disputes, and stronger trust in the company's conduct.**

Practical steps for business to operationalise distributive justice

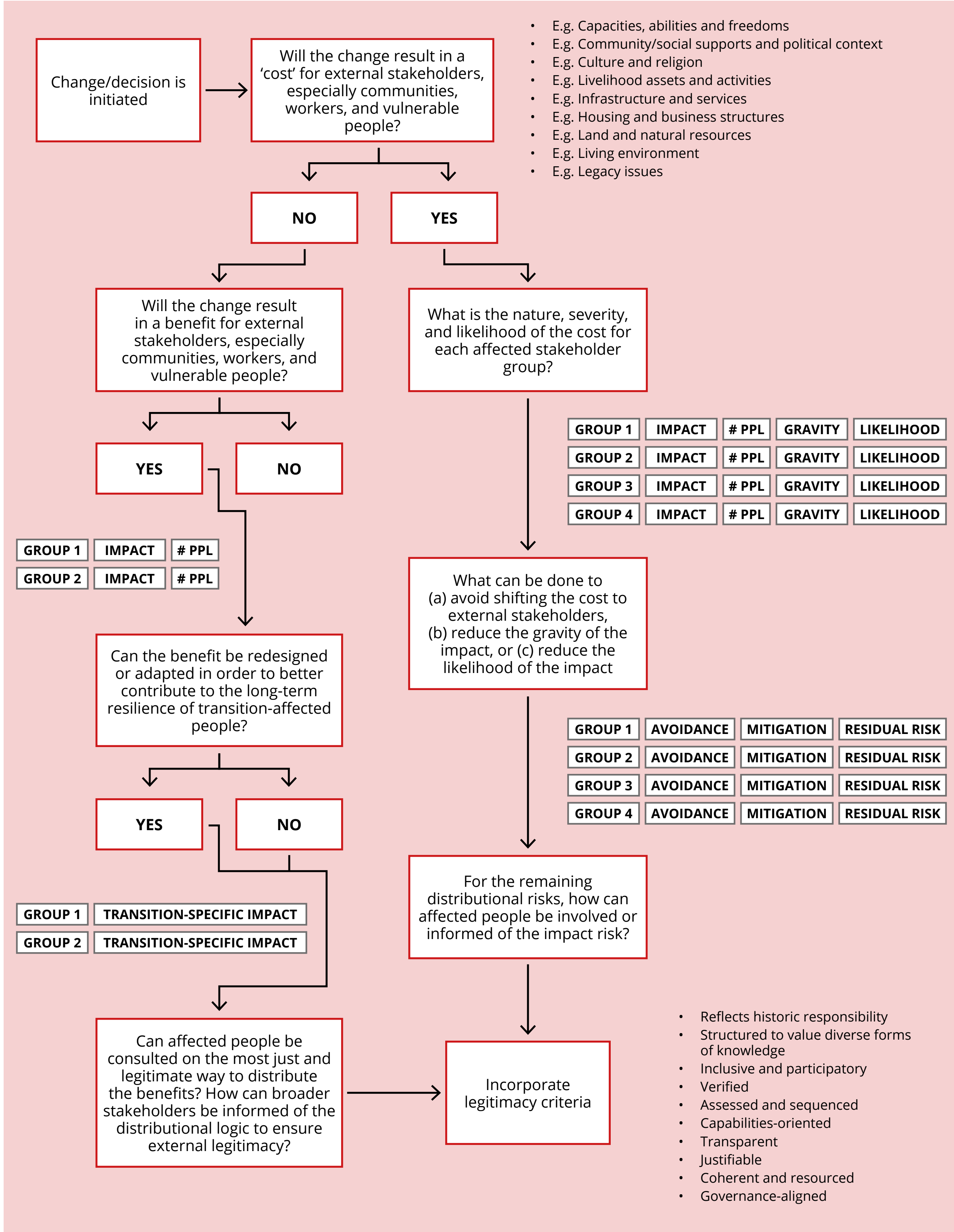
To bring these legitimacy criteria to life, there are concrete steps that businesses can take at different stages of a project and transition lifecycle - from early planning and engagement through to closure and post-transition support.

These steps are not intended as a compliance checklist. Rather, they are tools to help practitioners within companies and those working them make distributional choices more deliberate, better informed, and more robust in the face of scrutiny. Used together, they support a shift from reactive management of grievances toward proactive navigation of fairness, legitimacy, and long-term social consent in the energy transition.

- **Steps 1 and 2** sets out ***how to intentionally surface distributional risks and benefits*** that may be hidden in business plans, budgets, siting choices, hiring models, procurement, pricing, and closure or transition decisions.
- **Steps 3 and 4** show ***how to address and manage those risks and benefits*** – internally and with stakeholders – using legitimacy criteria so that choices are not only efficient, but also seek to demonstrate fairness and trustworthiness, and are defensible. The steps align with human rights due diligence processes found in international standards, but go deeper on the connections between who gains and who bears costs in the energy transition.

Credit: Gulshan Khan / Climate Visuals

The diagram below summarises the overall logical flow from one step to another.



Step 1

Determine business decisions and changes in scope

The first step is to identify what is driving changes in distributive outcomes by distinguishing between business decisions and external drivers. Business decisions are choices made by the company that directly shape how costs and benefits are allocated, such as where to site infrastructure, which suppliers to use, or how to sequence a closure plan. External drivers are factors in the wider operating environment that the company does not control, such as new government regulations, movements in commodity markets, or changing land-use patterns, but which still influence how costs and benefits are experienced. Both matter, because affected people experience the combined distributional effects regardless of whether they stem from company actions or broader dynamics.

For industry practitioners, the task is to identify which changes are within the company's remit to adjust, which are external but foreseeable, and how each should be assessed against the legitimacy criteria introduced above. This ensures that even when companies cannot prevent a change, they can still assess and demonstrate how it is managed, communicated, and perceived.

For example, a government mandate to retire a coal plant may not be the company's choice, but decisions about how severance is structured, how workers are retrained, or how the plant site is rehabilitated still fall within company control. Similarly, a surge in global demand for a mineral may be outside a firm's influence, but its procurement policies and hiring practices can determine whether local people share in the benefits or feel sidelined. Recognising this distinction early provides clarity about which levers the company can pull, and where legitimacy will be judged on how fairly and transparently the company navigates external pressures.

BOX 5

Decision checkpoints:

For each action, identify:

(i) the decision owner;

(ii) the stage of the project at which alternatives can still be considered;

(iii) the minimum data needed to assess distributional effects of business decisions; and

(iv) who must be consulted before the decision is made.

BOX 6

How social impact, human rights, and distributive justice assessments differ

Social impact assessments typically focus on identifying potential harms to communities associated with projects, but are often framed in terms of reputational or operational risks to the company, such as community opposition, protests, delays in permitting, or disruptions to project delivery. The emphasis is on anticipating impacts that may disrupt project delivery or stakeholder relations.

Human rights assessments adopt a rights-based lens, identifying potential or actual adverse impacts on internationally recognised rights of individuals or wider communities. The scope is specific: human rights due diligence is concerned with risks to and impacts on people by a company, with responsibility determined according to the way the company is involved in the harm (whether it has directly *caused* the harm, *contributed* to it, or is *directly linked* to it via a business relationship).

A distributive justice lens, in principle, encompasses elements of these existing approaches but extends beyond them. Its focus is not limited to identifying adverse impacts on human rights, legal compliance issues, or risks to the business. Instead, it examines how both costs and benefits are distributed across groups, and whether those distributions can be considered legitimate. While this is not yet a standardised or widely adopted assessment framework in business, many of its underlying concerns already arise within existing processes, such as assessments of pay equity, access to jobs, land acquisition, or the allocation of project benefits.

Distributive justice assessment highlights:

- ***Impacts that may arise from strictly 'legal' actions***, but may nonetheless produce unforeseen impacts or unfair outcomes, such as legally compliant land acquisition that disrupts livelihoods, or hiring and procurement practices that reinforce existing inequalities.
- ***Gradual and cumulative impacts*** that may emerge over time, rather than only immediate or acute harms, such as the gradual exclusion of local workers from higher-value jobs, or the progressive degradation of land and resources
- ***Indirect or diffuse impacts*** that extend beyond the project footprint, including regional or intergenerational consequences, such as in-migration placing strain on local infrastructure, or environmental changes that reduce the availability of land and resources over time.
- ***Questions of fairness*** that arise even where no direct human rights violations occur, but where outcomes may still be experienced as unjust by affected people.
- ***The distribution of benefits***, not just costs and negative impacts.

In this sense, **distributive justice assessments provide a broader evaluative frame:** it asks whether the allocation of risks and rewards is equitable, transparent, and socially legitimate, rather than only whether it is legally compliant or rights-respecting.

Step 2

Determine the potential costs and benefits of the change for external stakeholders

Once the sources of the distributional effect have been identified, whether they arise from company decisions (such as siting, hiring, or procurement choices) or from changes in the external context (such as regulation or market shifts), the next step is to understand how these translate into costs and benefits for different groups of stakeholders. This requires going beyond headline categories such as “jobs created” or “land acquired” and looking at the concrete ways in which people’s lives may be affected. The same social factors can register as either benefits or costs, depending on how they are experienced by different groups. Costs and benefits are rarely uniform: the same decision can generate opportunities for some while creating burdens for others, for example creating jobs for some groups while displacing others from land or livelihoods. Mapping these uneven effects is essential for understanding not just whether a project is viable, but whether it will be regarded by affected communities as fair.

Social factors to be considered include[11 12]:

Capacities, abilities and freedoms

- Will the change affect peoples’ ability to enjoy their fundamental rights and freedoms, e.g. health, nutrition, water, housing? How?
- Will the change affect peoples’ ability to achieve their goals? How?
- Will it affect people’s ability to work inside and outside the household in the way they used to? How?
- Will the change worsen the vulnerability of already vulnerable groups? How?
- Will the change create additional care work or household burdens for women or children? How?

Community/social supports and political context

- Will the change create division or conflict in the local area? How?
- Will the change affect levels of in- or out-migration in the area? How?
- Will the change make the area less safe or stable? How?
- Will the change lead to corruption or bribery risks? How?
- Will the change risk local levels of discrimination? How?

Culture and religion

- Will the change affect tangible cultural heritage (e.g. archaeological sites, burial grounds, sacred landmarks) in the local area? How?
- Will the change affect intangible cultural heritage (e.g. language, oral history, music, dance and art)? How?

Infrastructure and services

- Might the change affect the general status of public health, education and other public services? How?
- Will the change affect the way essential infrastructure like roads, housing, electricity is maintained? How?

Livelihood assets and activities

- Will the change affect households’ stock of assets (savings, food reserves and household goods)? How?
- Will it affect households’ resilience to shocks such as extreme weather or market instability? How?
- Will it affect peoples’ main livelihood sustaining abilities (whether land-, market- or wage based)? How?
- Will it affect peoples’ auxiliary livelihood sustaining abilities (e.g. project compensation, savings, access to credit, rental income, remittances, or pensions)? How?
- Might the change push people into illicit or harmful livelihood sustaining activities (e.g. corruption, drugs, illegal mining, prostitution, theft/crime, or smuggling)? How?

Housing and business structures

- Will the change physically displace people? How?
- Will the change have an effect on the quality of peoples’ houses? How?
- Will the change affect property values or peoples’ ability to earn rental income? How?

Land and natural resources

- Will the change affect local land tenure systems, such as threaten the way informal or communal land rights are exercised? How?
- Will the change reduce access to land used for grazing, farming, foraging, or cultural activities? How?
- Will the change affect the stock of grazing lands, fish, timber, firewood, medicinal plants or other natural goods people regularly consume? How?
- Will the change negatively affect natural resources like water bodies, air, or forests – even gradually? How?
- Will the change alter the local biodiversity? How?

Living environment

- Will the change affect the quality of life in the local area? How?
- Will it lead to sudden or gradual impacts such as chemical, dust or light pollution? How?
- Will the change create localised waste such as waste piles, dumps, or discarded goods? How?
- Will the change lead to aesthetic alterations in the natural environment, such as landscape modification, vegetation clearing, erection of industrial infrastructure, or removal of landmark buildings or natural features? How?

Legacy issues

- Are there any ongoing, unaddressed or unresolved grievances or disputes related to any of the above? How?
- Have previous operators or implementers created any unresolved or unaddressed grievances or legacy issues that may impact local perceptions of fairness? How?
- Will decisions in the current operational timeframe negatively impact future generations in respect to any of the criteria above? How?

Step 3

Assess the severity and context of distributional risks

Once the social factors are mapped, the next step is to assess which groups are most affected by the distribution of costs and benefits associated with the project, and how significant those effects may be. Here, risk refers to the possibility that business decisions lead to unfair or uneven outcomes for those affected by the distributional choice, either by externalising costs onto certain groups or by excluding them from meaningful benefits.

To align with established international human rights standards, the analysis should centre on ***severity*, assessed across three dimensions** drawn from the *United Nations Guiding Principles on Business and Human Rights* (UNGPs). Interpreted through a distributive lens, these dimensions can be used to evaluate both costs and benefits:

- ***Scale:*** The magnitude or significance of the effect on people's lives. For costs, this may refer to how deeply an impact undermines livelihoods, health, or cultural identity. For benefits, it reflects how transformative or meaningful the advantage is – whether it merely supplements income or fundamentally improves long-term well-being.
- ***Scope:*** The breadth of the effect looks at how many people or groups are affected and over what geographic, social, or demographic range. This applies both to the number of people who may bear costs and to the inclusiveness of benefit sharing.
- ***Irremediability:*** The degree to which the outcome can be reversed or compensated. Some losses, such as land, heritage, or trust, are difficult to repair, while some benefits, once missed or allocated unfairly, cannot easily be recaptured. For example, exclusion from early rounds of local hiring or reskilling programmes can have lasting, non-recoverable consequences.

While ***likelihood*** can help determine when to act, it is a secondary logic; severity remains the organising principle. This ensures that attention is given first to the most consequential and least reversible outcomes – whether these involve serious costs or opportunities lost through exclusion.

Practitioners can apply these dimensions systematically to different potentially affected stakeholders. For example, loss of grazing land for pastoralist communities may have high scale (loss of livelihood and identity), wide scope (affecting hundreds of families), and high irremediability (land cannot easily be replaced). Similarly, a renewable-energy training programme that benefits only men with prior technical experience may have high scale (transformative opportunity), narrow scope (limited to a small subset of the community), and high irremediability (once missed, the opportunity may not recur).

To sharpen the analysis from a distributive justice perspective, companies can consider **further contextual 'modifiers'** – those factors that amplify or concentrate risks for certain groups, such as:

- ***Vulnerability or power imbalance:*** Are affected groups less able to influence decisions or access benefits?
- ***Conflict or mistrust:*** Do pre-existing tensions heighten perceptions of unfairness?
- ***Cumulative and temporal effects:*** Do costs and benefits occur at different times, or compound with other pressures?
- ***Legacy and perception:*** Are past harms or unresolved grievances shaping how new actions are judged?

Assessing both costs and benefits through these shared criteria ensures that the full range of distributional effects (harm, exclusion, and opportunity) are visible and comparable. It also aligns with human-rights due-diligence logic while extending it to encompass the fairness and legitimacy of benefit-sharing in the energy transition.

Furthermore, when it comes to distributive justice assessments, the full extent of the costs must be considered in their own right, even if future benefits are envisaged. For example, loss of grazing land may later make way for a solar facility that generates jobs, but the immediate loss still needs to be recognised, mitigated, and compensated. This is because costs and benefits rarely align perfectly in time, scale, or affected group: the people who bear the cost are not always the same as those who later benefit. Companies' internationally recognised responsibility to respect human rights under the UNGPs emphasises this principle clearly: each adverse impact must be addressed on its own terms, and costs cannot simply be "offset" by separate or later benefits. A distributive justice lens allows benefits to be considered – but separately. Costs should be minimised and remedied as much as possible, while benefits should be designed and distributed strategically, striving for fairness and building long-term resilience.

Step 4

Take steps to reduce maldistribution risk

Reducing maldistribution requires attention both to how costs are managed and how benefits are distributed – especially in conflict-prone settings. In practice, this means examining the risks identified in the previous step and then taking deliberate steps to rebalance outcomes in ways that are legitimate to those affected.

Proactively addressing costs

When potential harms are identified, **companies should first examine what scope exists to absorb the cost internally rather than passing it on to external stakeholders.** For instance, upgrading to cleaner technologies may raise operating expenses but reduce health burdens for nearby residents. Where full cost absorption is not feasible, firms should focus on reducing the amount or intensity of externalised costs by redesigning projects, scaling down high impact activities, or sequencing operations differently.

Finally, residual risks should be tackled by lowering their severity and likelihood through engineering controls, safety protocols, or early warning systems. For example, a mining company might stabilise waste facilities to reduce the probability of leaks, or invest in dust suppression to limit respiratory impacts.

Designing strategic benefits

In the context of the energy transition, **benefits need to be more than generic or ad hoc goodwill gestures.** They should be designed to strengthen community resilience during and after the transition, preparing people for post-closure and post-fossil fuel livelihoods. This might include targeted training for renewable energy jobs, support for diversifying local economies, or investment in services that will endure beyond the life of a mine or plant. For example, a coal-dependent community might prioritise retraining programmes that allow younger workers to move into green sectors, while older workers might value strengthened pension schemes or healthcare support. The process of designing such benefits also creates an opportunity to listen: engaging communities directly about their priorities can reveal overlooked needs and build legitimacy through genuine responsiveness.

By treating benefit design as a strategic exercise – not as charity or compensation – companies can align their investments with both transition imperatives and community aspirations. This approach positions benefits as part of the long-term fabric of the just transition, ensuring they are not only well-intentioned, but also regarded as fair, valuable, and durable by those who live with the outcomes.

Distributing benefits

Just as important as *designing* targeted benefits is **ensuring that these are *distributed* in ways seen as legitimate and fair.** The principle here is not to assume what communities value, but to establish a consultative process in which different groups are asked directly how benefits should be shared. This process should be inclusive, transparent, and iterative, recognising that preferences may shift over time.

Benefits can take many forms (for example jobs, contracts, infrastructure or social programmes), but their legitimacy rests on whether local people perceive the distribution as equitable. For example, instead of unilaterally allocating jobs, a company could work closely with community representatives to design recruitment rules and principles that balance fairness across neighbourhoods, age groups and genders. In this way, Rawls's "veil of ignorance" (see Box 3 above) is operationalised among beneficiaries and a legitimate process is established before benefits are released.

By systematically applying these interconnected approaches – internalising or reducing costs, and consulting to ensure benefits are fairly allocated – companies can demonstrate that they take distributive justice seriously.

A note on sequencing and timing

Some distributive justice tensions arise not from the absence of benefits, but from when they materialise *relative to* losses. Job losses may occur before alternative livelihoods are available; compensation may be delayed; or training programmes may start only after workers have already exited the labour market. These timing gaps can deepen hardship and fuel perceptions that the transition is unfair, even where commitments exist on paper.

Companies should therefore pay close attention to sequencing when designing transition measures. Where possible, enabling infrastructure, income protections, reskilling, and placement support should be brought forward rather than treated as downstream add-ons. Benefits that depend on uncertain future conditions, such as jobs tied to later project phases or external funding not yet secured, should be communicated cautiously and not relied upon to offset immediate losses. Publishing a time-bound distribution plan, with clear milestones and interim measures, allows affected people to understand what support is available, when it will arrive, and what contingencies are in place if timelines shift. This makes distributional choices more transparent and reduces the risk that delays are experienced as broken promises.

A note on system-wide issues and responses

Many distributive justice challenges in the energy transition sit beyond the direct control of any single firm. Outcomes such as whether new industries emerge in affected regions are shaped not just by one operator, but by broader labour markets, education systems, and public policy choices that no individual company controls. Even where firms act in good faith, these wider conditions can constrain what is realistically achievable at project or company level.

Recognising these limits does not weaken the case for using distributive justice as a relevant tool for business. Instead, it clarifies where different forms of action are required. For example, when a mine or power plant closes, a company may have limited ability to create sufficient replacement jobs on its own. However, it can invest in transferable skills, coordinate with training providers, or work with other employers in adjacent sectors or relevant government authorities to improve workers' chances of transitioning into agriculture, manufacturing, or renewable energy services. Similarly, while firms cannot reform national skills systems, they can share information about future capability needs or support local institutions to adapt curricula to emerging technologies.

A distributive justice lens therefore encourages companies to look beyond isolated interventions and toward collaboration where firm-level control ends. This includes collective action with other businesses, engagement with government on policy alignment, and public-private and other partnerships that strengthen local capability ecosystems. In these spaces, companies are not assuming responsibility for systemic failures, but are acting within their sphere of influence to reduce foreseeable distributional harms and expand access to transition opportunities.

Framed this way, distributive justice remains relevant to firm-level decision-making precisely because it helps distinguish between what a company can control directly, where it can contribute through collaboration, and where broader systemic change is necessary to achieve fairer outcomes.

ANNEX: THE OTHER FORMS OF JUSTICE

Distributive justice does not operate in isolation. It is closely intertwined with other forms of justice that shape how distributional outcomes are produced, contested, and experienced. In practice, whether distributions are perceived as fair often depends not only on what outcomes occur, but also on how they are arrived at, who has a say in shaping them, and whether harms can be addressed when things go wrong. These processes are embedded in wider systems of power, including corporate decision-making structures, market dynamics, political processes, and legal frameworks that enable or constrain participation, accountability, and remedy. For businesses in particular, this means that distributional outcomes are not neutral or purely technical, but are shaped by how decisions are made within firms, how stakeholders are engaged, and how responsibilities are recognised and acted upon.

Procedural justice plays a particularly important supporting role. It concerns the fairness of decision-making processes, including transparency, participation, and accountability. Even unequal outcomes may be considered legitimate if affected parties believe that decisions were made through fair and inclusive procedures. Conversely, distributional arrangements that appear reasonable on paper can generate resistance if they emerge from opaque or exclusionary processes. Procedural justice therefore shapes the social acceptability and durability of distributional outcomes.

Restorative justice further complements distributive justice by addressing situations where existing distributions are the result of harm, exclusion, or historical injustice. Rather than focusing solely on forward-looking allocation, restorative justice asks how past wrongs can be acknowledged, repaired, or remedied. In contexts marked by legacy harms or structural disadvantage, distributive justice that ignores these dimensions risks reproducing inequities rather than correcting them.

Recognitional justice underpins both procedural and distributive concerns. It relates to whose identities, experiences, and forms of knowledge are acknowledged and valued. Groups that are systematically misrecognised or marginalised often face both procedural exclusion and adverse distributional outcomes. Ensuring fair distribution therefore requires attention to how social differences shape voice, visibility, and influence.

In practice, recognition means tailoring design to different starting points (for example, women's time burdens, disability access or Indigenous knowledge of land use). Restorative action requires acknowledging and funding repair of past harms (for example, degraded water, dust exposure and uncompensated displacement), not only managing transition-related impacts. Both are integral to whether new distributions are seen as fair.

Taken together, these forms of justice highlight that distributive justice is not simply a matter of reallocating resources. It depends on fair processes, meaningful recognition, and mechanisms to address harm. Understanding these interconnections allows distributive justice to be used not as an abstract ideal, but as a grounded and defensible lens for real-world decision-making.

DISTRIBUTIVE JUSTICE AND THE ROLE OF BUSINESS OPERATIONALISING FAIRNESS IN THE ENERGY TRANSITION

ENDNOTES

1 For further background, see Just Transitions Dialogue: Exploring the need for international rules based on local realities (IHRB, 2021) https://www.ihrb.org/resources/just-transitions-dialogue-exploring-the-need-for-international-rules-based-on-local-realities and What are Just Transitions? (IHRB) https://www.ihrb.org/resources/what-is-just-transition

2 *Just Transitions*. 2019. Eisenberg, A in Southern California Law Review Vol 92:273: https://southerncalifornialawreview.com/wp-content/uploads/2019/03/92_2_273.pdf; *Who are the victims of low-carbon transitions? Towards a political ecology of climate change mitigation*. 2021. Sovacool, B.K. in Energy Research & Social Science, Vol 73: https://doi.org/10.1016/j.erss.2021.101916 ; *Just Transitions: Social Justice in the Shift Towards a Low-Carbon World*. 2020. Morena, E., Krause, D. & Stevis, D. (Eds.): https://doi.org/10.2307/j.ctvs09qrx

3 This aligns strongly with a company's responsibility to respect human rights under the UN Guiding Principles on Business and Human Rights - the international standard expected of all businesses to operationalise responsible conduct. The operative standard of human rights due diligence is an active one, expecting companies to assess the risks they pose to people, and to show how they are preventing, mitigating, and remedying them - to "know and show" their proactive approach. Find out more https://www.ohchr.org/en/publications/reference-publications/guiding-principles-business-and-human-rights

4 Just Transition Framework (Presidential Climate Commission of South Africa, 2021) https://www.climatecommission.org.za/just-transition-framework

5 *A Theory of Justice: Original Edition*. 1971. Rawls, J. Harvard University Press: https://www.jstor.org/stable/j.ctvjf9z6v

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10 *The Idea of Justice*. Sen, A. 2011. Harvard University Press: https://www.hup.harvard.edu/books/9780674060470

11 Adapted from *The Social Framework for Projects: a conceptual but practical model to assist in assessing, planning and managing the social impacts of projects*. 2017. Smyth, E., & Vanclay, F., in Impact Assessment and Project Appraisal, 35(1), 65–80.

12 Social factors can only be analysed meaningfully if the company has a solid understanding of the community profile (including demographics, vulnerabilities, and related characteristics). Where such information is lacking, developing this profile should be treated as a necessary first step. For guidance, see *Adapting social impact assessment to address a project's human rights impacts and risks*. 2017. Esteves, A. M., Factor, G., Vanclay, F., Gotzmann, N., & Moreira, S., in Environmental Impact Assessment Review, 67, 73-87: https://doi.org/10.1016/j.eiar.2017.07.001

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Making respect for human rights part of everyday business