International Labour Organization

Financing a Just Transition

Sectoral Insights: Building Materials and Construction

June 18, 2025

Principles for Responsible Investment

UN environment programme finance initiative

International Labour Organization

PRI Principles for Responsible Investment

UN environment programme finance initiative

Co-organizers and Speakers

Ekaterina Chubarova

Sustainable Finance Specialist,
ILO Social Finance Programme

Joana Pedro

Social Lead,
UNEP FI

Simon Whistler

Head, Real Assets,
PRI

Gulnara Roll

Head of the Global Alliance for Buildings and Construction secretariat and Head of the Cities Unit at UNEP

Elisenda Estruch Puertas

Rural Economy and Construction Specialist, Sectoral Policies Department, ILO

Christoph von Toggenburg

Global Head of Human Rights and Social Impact at Holcim

Grégoire Lusson

Head of NEST at BNP Paribas

What is a just transition ?

- **Fair and inclusive way** of promoting environmentally sustainable economies

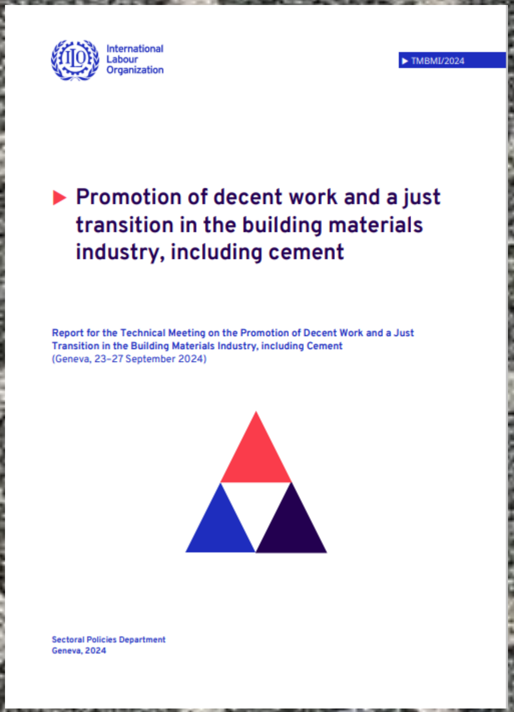
- **Maximizing the social and economic opportunities** of climate and environmental action, while **minimizing and carefully managing any challenges.**

Source: ILO and UNEP FI Just Transition Finance Pathways for banking and insurance

- Efforts to decarbonize brown and scale up green sectors, transition and adaptation activities – **all can have unintended social impacts**
- A just transition matters for **all economic sectors** – not just energy - and **countries at all stages of development**
- There is **no "one size fits all" approach**

International Labour Organization

Promotion of Decent Work and a Just Transition in the Building Materials Industry, including Cement


International Labour Organization

TMBMI/2024

Promotion of decent work and a just transition in the building materials industry, including cement

Report for the Technical Meeting on the Promotion of Decent Work and a Just Transition in the Building Materials Industry, including Cement
(Geneva, 23–27 September 2024)

Sectoral Policies Department
Geneva, 2024

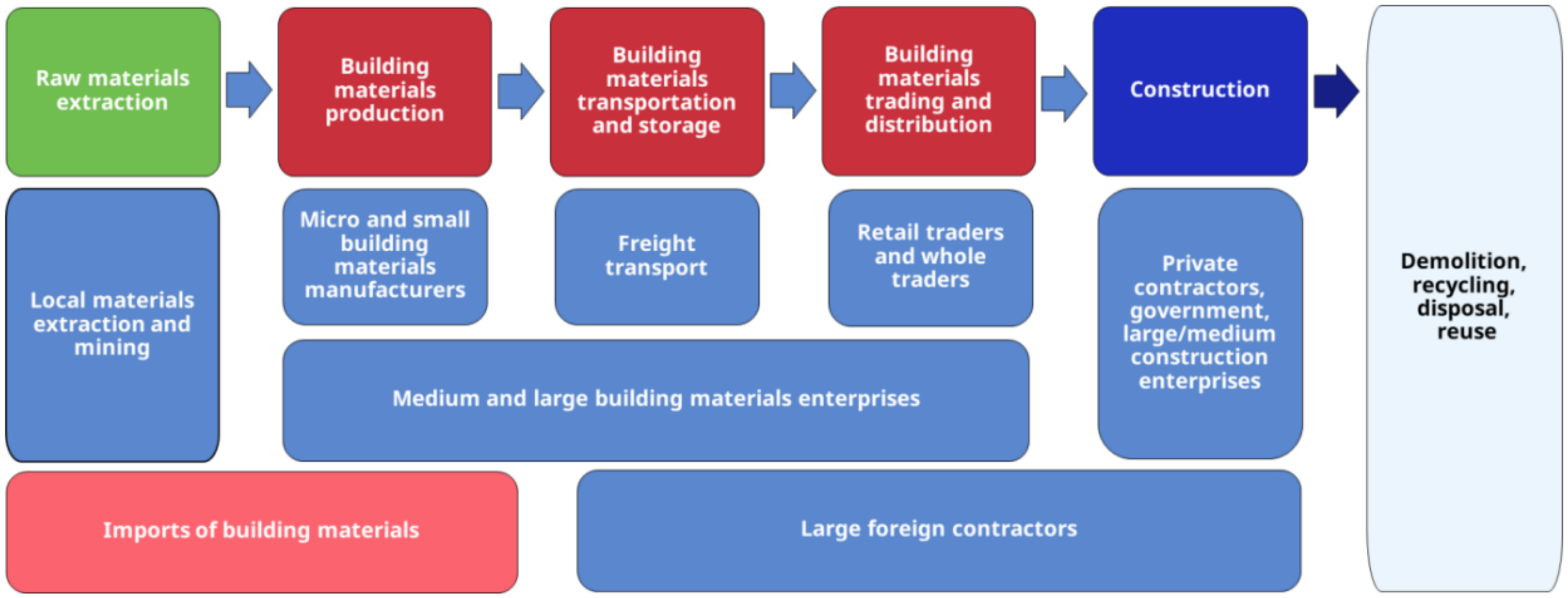
Elisenda Estruch-Puertas, Rural Economy and Construction Specialist,
Sectoral Policies Department, ILO

Financing a Just Transition – Sectoral insights: Building Materials and Construction Webinar, 18th June 2025

International Labour Organization

Building materials

- Products, by-products and raw materials used in construction. There are numerous types of building materials.
- The selection of building materials holds significant implications, including occupational safety and health, skills, environmental concerns and cost considerations.
- The evolution of the building materials industry is closely related to the construction sector and the availability of raw materials.



International
Labour
Organization

Building materials industry trends

The building materials industry contributes significantly to the world economy – only cement contributes to 5.4 % of global GDP.

Cement and steel are the most used building materials worldwide.

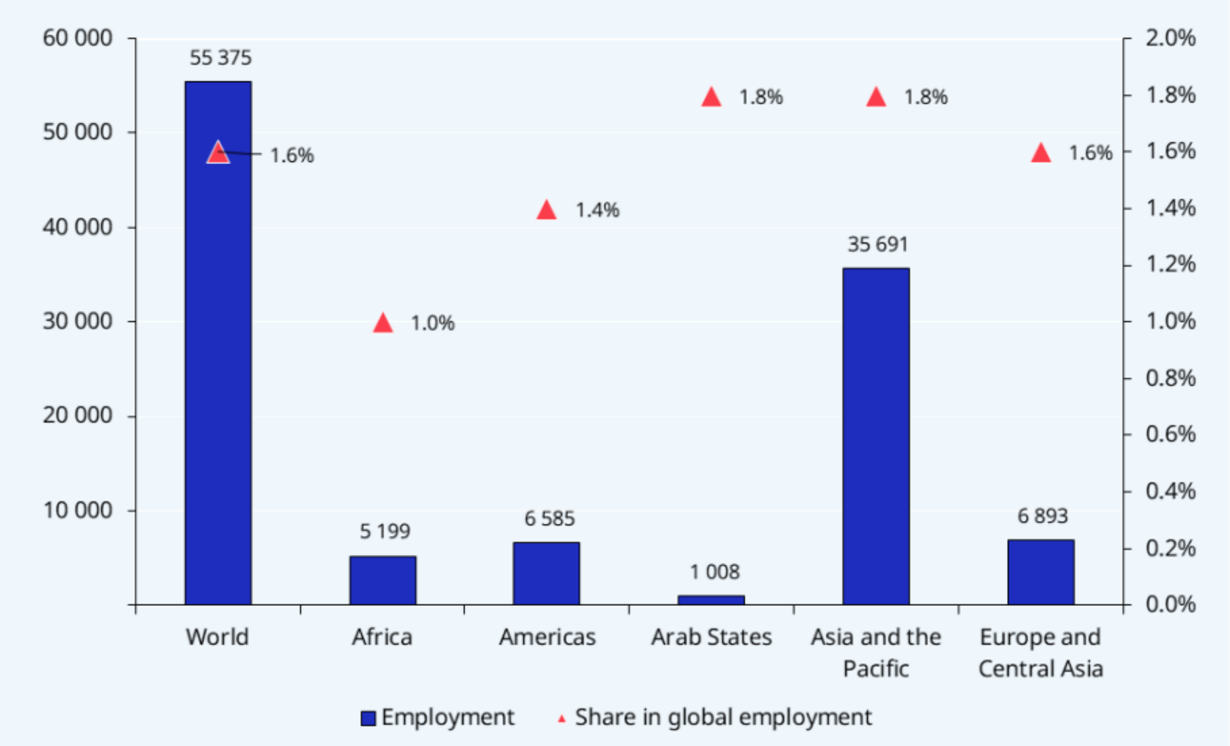
Construction materials use is projected to keep increasing.
However, there are environmental concerns associated with the industry's growth.

In developing countries with upward demand for housing and infrastructure, there is potential for local building materials companies and job creation.

Yet, low productivity, high levels of informality and decent work deficits prevail.

Employment trends in the building materials industry

- **Global employment:** approx. 55,375,000 workers in the building materials industry (1.6 %).
- Different patterns across regions and income levels, highlighting the diverse economic and occupational structures.
- The building materials industry is highly male-dominated. There is a need for efforts to improve the attractiveness of the industry, as well as to promote equal opportunities and treatment for women and men.
- There has been a trend towards consolidation among materials manufacturing enterprises, and towards subcontracting.



Source: ILO estimates based on the latest microdata available, ISIC, Rev. 4, 2-digit level.

Opportunities and challenges for decent work and a just transition

- Sectoral policies and initiatives
- Green jobs creation, skills development, sustainable enterprises, transition to formality
- Occupational safety and health, working conditions and labour protection, as well as other fundamental principles and rights at work
- Social protection
- Social dialogue and tripartism

Future of work and just transition in the building materials industry

Demographic changes and urbanization

- Demographic shifts and evolving urbanization dynamics affect the demand for housing and infrastructure. These trends largely determine the future demand for building materials, as well as the future workforce in the industry.

Climate change and multiple crises

- While the decarbonization in the industry may advance, the adoption of more environmentally sustainable practices carries profound implications for enterprises and workers in the building materials sector.
- The building materials industry is affected by the uncertain global context of multiple and interrelated crises. Given the industry's exposure economic cycles, both enterprises and workers in the sector can face heightened vulnerability.

Technological advances

- Technological advances adopted by the building materials industry range from incremental innovations in traditional materials and new material combinations to radically innovative materials with new functionalities.
- There is need for supporting SMEs in the industry as they progress in their digital transition, as well as for ensuring that the digital transition in the industry does not compromise decent work.

Way forward: ILO conclusions and recommendations on the promotion of decent work and a just transition in the building materials industry, including cement

- Promoting social dialogue at all levels to forge social consensus over policies and measures for a just transition.
- Enhancing data on work in the industry and conducting industry-specific labour assessments to inform policy-making.
- Fostering adequate policy and regulatory frameworks, and investments to enable the industry to effectively address climate change and promote a just transition.
- Promoting an enabling environment for sustainable enterprises to participate in the transition to a low-carbon economy, with particular attention to MSMEs.
- Ensuring correct classification of employment relationships and monitoring occupational diseases caused by new building materials.
- Investing in skills development and lifelong learning to adapt to evolving industry requirements.
- Strengthening social protection systems to build resilience for workers and enterprises during the transition.
- Ensuring procurement practices foster adherence to labour rights, promote social dialogue, and protect workers.

Photo credit: Junar Eliang

UN environment programme

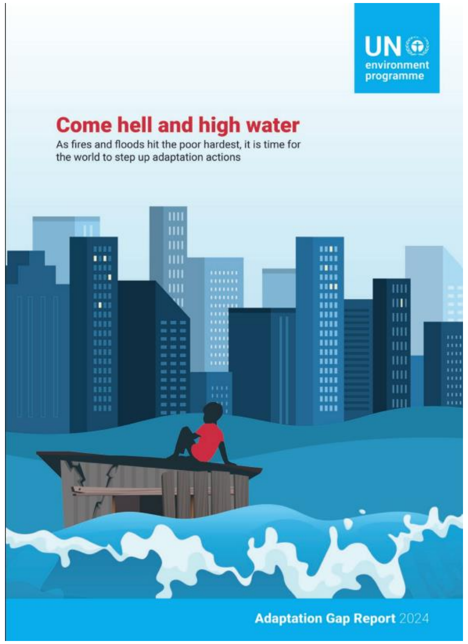
Global Alliance for Buildings and Construction

Global Alliance for Buildings and Construction (GlobalABC)

Towards a zero-emissions, efficient and resilient buildings and construction sector: An Overview

The Climate Transition: Mitigation and Adaptation Must Go Hand in Hand

- Increasing frequency and intensity of climate impacts as global temperatures approach **1.5°C** above pre-industrial levels
- Impacts **disproportionately affect** the most vulnerable populations.
- Increasing **unpredictability in energy demand and supply**—driven by changing weather patterns, droughts, and disasters.
- Mitigation and adaptation **must work together** to reduce risks, boost resilience, and ensure a sustainable, inclusive climate future.
- **The buildings sector is uniquely placed due to its adaptation and mitigation potential.**



UN environment programme

Global Alliance for Buildings and Construction

The Buildings Global Status Report (Buildings-GSR) is a collaborative effort that highlights the current state of the global buildings and construction sector, and its progress towards meeting decarbonization and climate resilience goals. Its outputs include:

- An update on the drivers of **CO_2 emissions and energy demand** globally.
- Status of **policies, finance, and key actions** that support a zero-emission, efficient, and resilient buildings and construction sector.
- A call to the sector to meet the challenges through targeted actions.

The latest Buildings-GSR contained contributions from:

BPIE

UCL

iea

UN environment programme | copenhagen climate centre

UNOPS

Harvard University Graduate School of Design

KEY FINDINGS

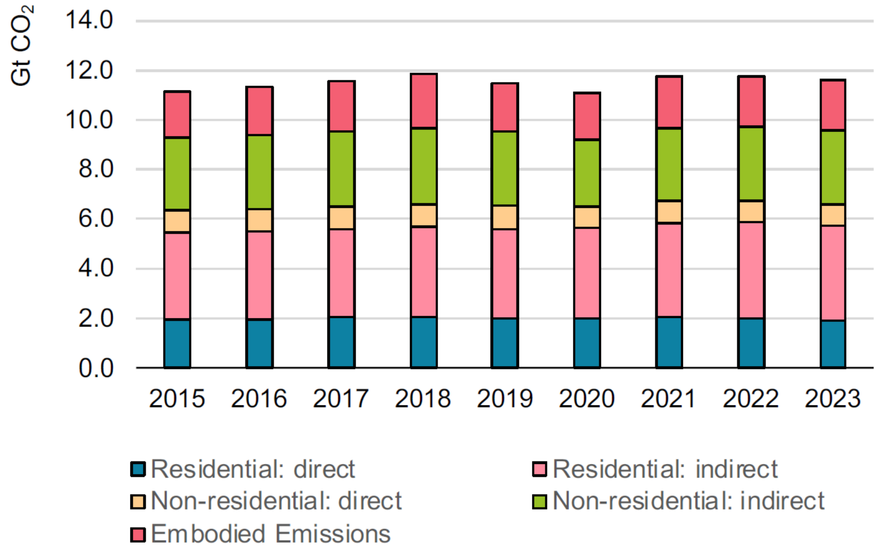
Buildings and construction account for around **34% of global energy and CO_2 emissions.**

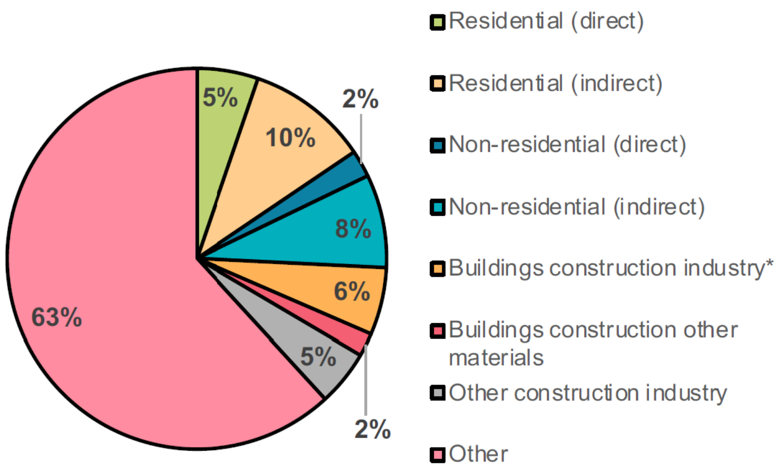
The emissions from building operations **have risen 5.4% since 2015**.

With limited progress on zero-carbon codes, slowing energy efficiency investment and weak national policies, the goals of net-zero emissions for new buildings by 2030 and of all buildings by 2050 **remain out of reach**.

KEY MESSAGE:

Operational CO_2 emissions in the sector remain 5% above 2015 levels.





Total CO_2 emissions from the buildings sector remain high, at **34% globally**.

Operational carbon emissions reached a **record high of around 9.8 $GtCO_2$ in 2023**, largely unchanged from the previous year.

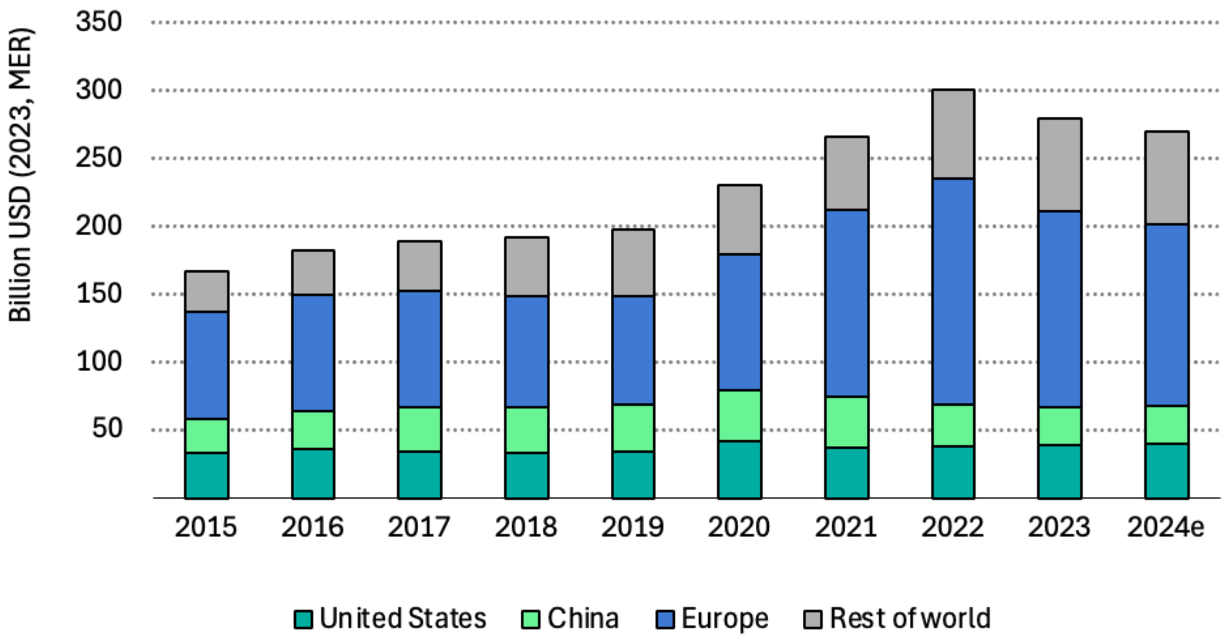
Embodied carbon emissions in the construction sector **slowed to around 2.8 $GtCO_2e$**.

Source: IEA 2024. All rights reserved. Tracking Buildings 2024.

Note: Embodied carbon emissions are provisional and include emissions from: concrete, glass, steel and aluminum

KEY MESSAGE:

Energy efficiency investments in buildings fell 7% in 2023, with the decline set to continue in 2024, reflecting insufficient decarbonization funding

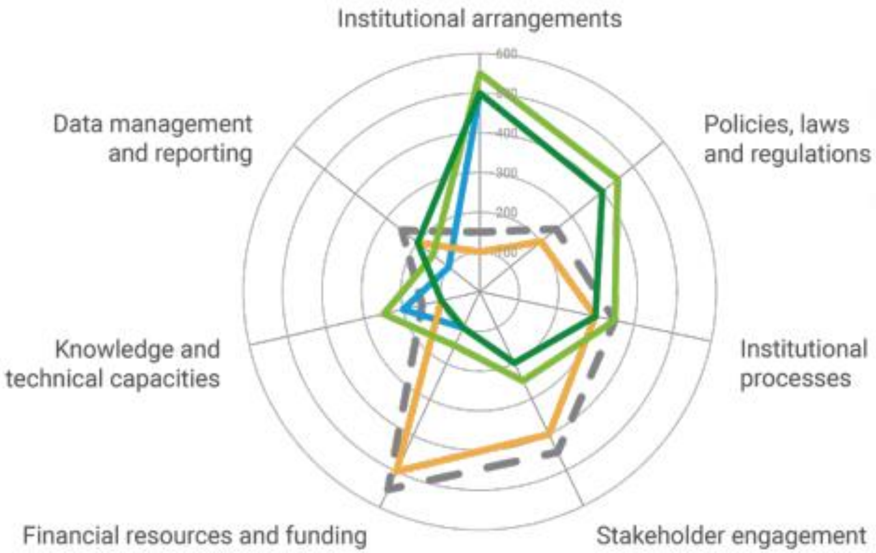


Source: IEA 2024. All rights reserved. World Energy Investment 2024.

- Compared to 2022, global investment in the energy efficiency of buildings **fell by 7% in 2023** to around USD 280 Billion, most of this in Europe and east Asia.
- Investments in 2024 are estimated to **fall further to USD 260 Billion** and reflect ongoing economic challenges around high borrowing costs.
- In 2023, **global investment in green and energy efficient buildings** performance and construction represented **only 4% of total sector investment**.
- Despite an urgent need for additional investment, **financial support remains below the sector's needs**, with global investment in energy efficiency declining and funding remaining insufficient, particularly in emerging markets.

Drivers of Decarbonization of the Buildings Sector

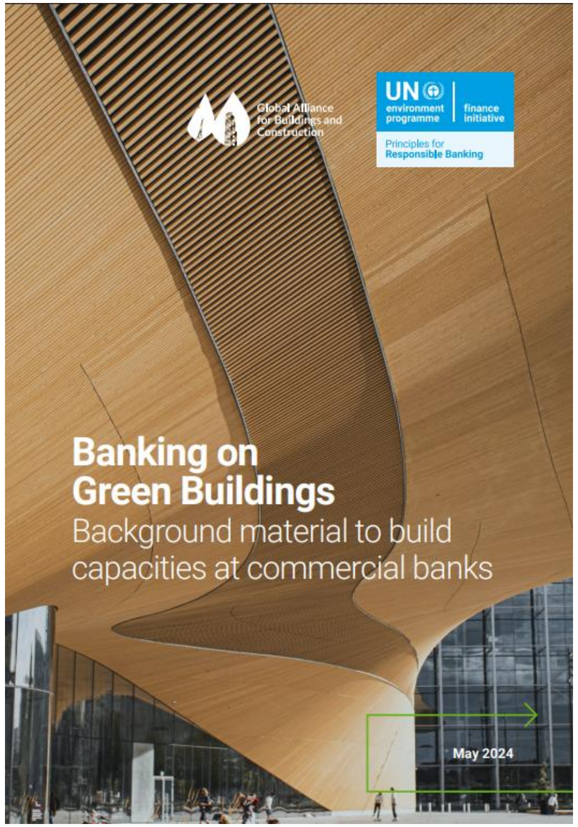
- Policy and Regulatory Frameworks
- Institutional Coordination, Processes and Stakeholder engagement
- Data Access and Quality
- Knowledge and Capacity Building
- Access to Finance



GlobalABC Climate Action Roadmaps provides a comprehensive view of the **enabling environment** to decarbonize the sector.

Financial stakeholders, including investors, banks, and insurers, are key influencers who can set requirements for energy efficiency and low-carbon materials throughout a building's lifecycle, guiding construction, operation, and maintenance to reduce emissions.

The buildings sector offers a key opportunity for the financial industry to drive decarbonization and resilience, fulfilling their commitments under the **Principles for Responsible Banking (PRB).**



KEY CHALLENGES

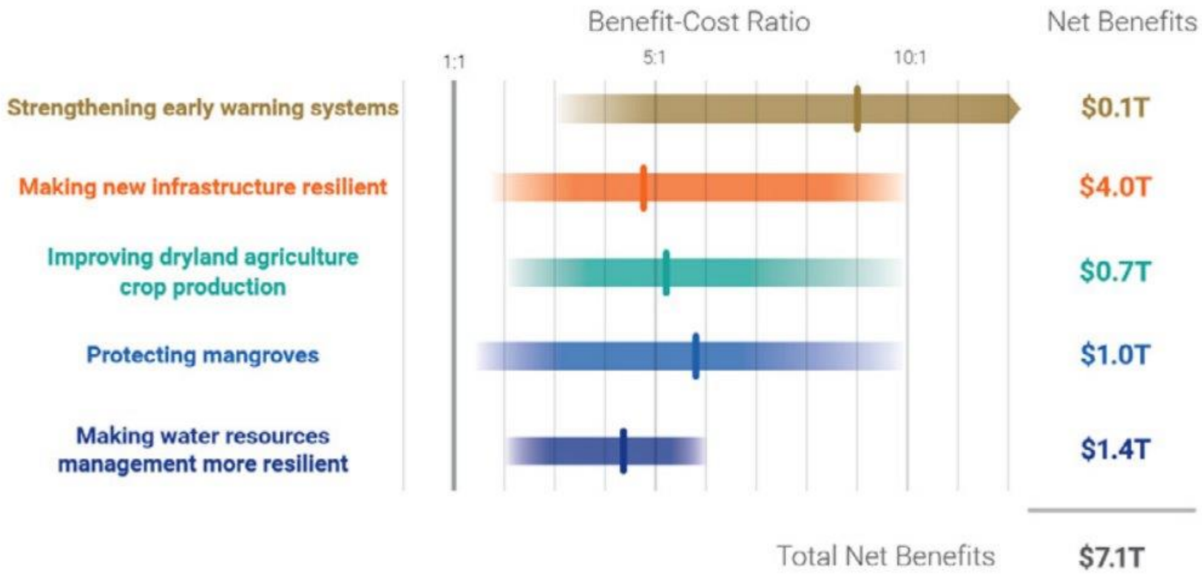
- Challenging enabling environments
- Credit and exchange rate risk
- Political uncertainty
- Limited data on physical and climate risks

Opportunities:

- Investing in energy-efficient and climate-resilient buildings, including light to medium retrofits that can yield **10-40%** energy savings, support risk management and accelerates the transition to a low-carbon economy.

- Investing in climate change adaptation measures by 2030 could yield over **USD 7.1 trillion** in net benefits, with resilient infrastructure development mitigating risks, securing long-term returns, and safeguarding assets for banks and financial institutions. *(Global Commission on Adaptation and WRI)*

- Insurers can drive resilience by leveraging their risk expertise to support resilient infrastructure investments.



Founded at COP21, hosted by UNEP with **378 members**, including **70 countries**, the Global Alliance for Buildings and Construction (GlobalABC) is the leading global platform for all buildings stakeholders committed to a common vision:

A zero-emission, efficient and resilient buildings and construction sector.

BUILDINGS BREAKTHROUGH

- Statement: **'Near-zero emission and resilient buildings (NZERBs) are the new normal by 2030'**
- **2024-2025 Priority International Actions** launched at Buildings and Climate Global Forum:

Standards and Certifications - NZERB requirements, WLC and resilience frameworks

Demand Creation - procurement for NZERB

Finance and Investment - coordination and effectiveness of finance for NZREB

Research and Deployment - identify knowledge gaps and share RD&D priorities

Capacity and Skills - training and capacity-building priorities (incl. vocational and formal education)

- Progress monitoring through **Annual BA report**

INTERGOVERNMENTAL COUNCIL FOR BUILDINGS AND CLIMATE (ICBC)

Purpose:

- Accelerate decarbonization and enhance climate resilience in the building sector through international cooperation.
- Promote sustainable building practices to reduce greenhouse gas emissions.
- Integrate climate resilience into building design and construction.
- Facilitate knowledge exchange among countries.

Functions:

- Share best practices and successful regulatory frameworks.
- Formulate recommendations on priority topics like climate risk assessment and decarbonization strategies.
- Monitor and report on progress toward building sector sustainability goals.
- Implement the **Déclaration de Chaillot**'s principles by coordinating international efforts in the building sector.

- **47 member states and 17 observers**
- Troika leadership: **France, Kenya and Brazil**

Human Rights and Just Transition at Holcim

ILO, June 18th, 2025

Group Head of Human Rights and Social Impact
Christoph von Toggenburg

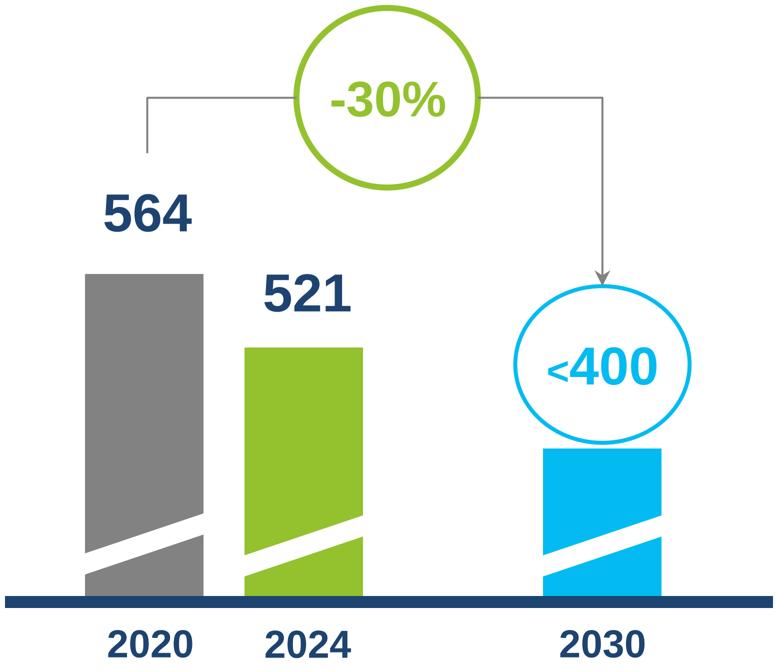
HOLCIM

DECARBONIZING ACROSS THE WHOLE VALUE CHAIN
INNOVATION ACCELERATING DECARBONIZATION

Three primary levers:

- **Formulation**
- **Energy**
- **Carbon capture**

Scope 1 emissions
($Kg\ CO_2$ net per ton of cementitious)



BUSINESS AMBITION FOR 1.5°C
SCIENCE BASED TARGETS

Scope 1, 2 and 3 emissions 2030 and 2050 targets validated by SBTi

HOLCIM

HUMAN RIGHTS DUE DILIGENCE AT HOLCIM

WE PROACTIVELY MANAGE ACTUAL AND POTENTIAL IMPACTS TO PEOPLE

OUR COMMITMENT

Respect and promote human and labour rights through core policies and practices, aligned with UN and OECD standards.

→ Human Rights & Social Policy

→ Human Rights Directive

HUMAN RIGHTS DUE DILIGENCE

Leading approach to **identify, prevent and mitigate Human Rights risks** across operations, business partners, supply chain, and communities, aligned with EU Taxonomy (Minimum Safeguard) and CSDDD.

TAKING ACTION

Sector leader in Just Transition, taking action to respect people and leave no one behind in our decarbonization journeys.

World Benchmarking Alliance

Heavy Industries Benchmark

Climate Action 100+

CHRB

CORPORATE HUMAN RIGHTS BENCHMARK

1st in the building materials sector and 28th out of the 110 companies analysed in the 2023 Corporate Human Rights Benchmark

HOLCIM

ADVANCING TOWARDS A JUST TRANSITION
LEAVING NO ONE BEHIND ON OUR DECARBONIZATION JOURNEY

HOLCIM´S COMMITMENT TO A JUST TRANSITION

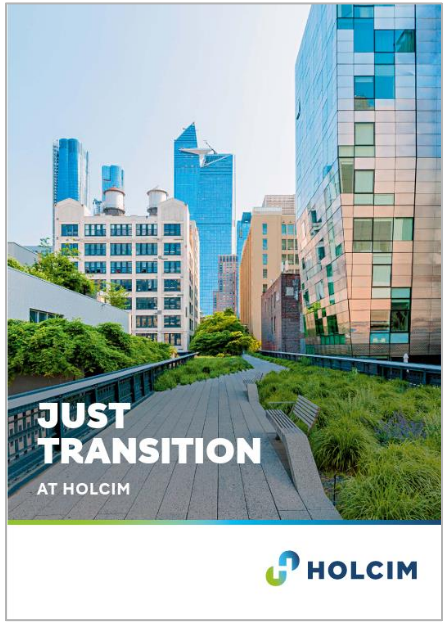
- Just Transition principles are fully embedded in **Holcim´s Climate Policy** since 2023
- **Focus on key stakeholders**: employees, suppliers, customers and communities
- Informed by the International Labour Organization's Just Transition guidance

HOW WE WILL STRENGTHEN OUR APPROACH

- Define a Just Transition plan including strategic programs and KPIs

AT THE FOREFRONT OF JUST TRANSITION

- The **Just Transition** brochure showcase Holcim´s initiatives to advance towards a Just Transition



HOLCIM

JUST TRANSITION
FOCUS ON KEY STAKEHOLDERS

EMPLOYEES

Supporting and empowering our employees to thrive in a rapidly evolving net-zero future. **Main initiatives:**

- ✓ Training, reskilling and upskilling
- ✓ Proactive and transparent engagement with our employees and their

SUPPLIERS

Empowering our suppliers to join us on the journey to net zero. We are committed to a Just Transition for all the suppliers we work with. We are engaging suppliers to identify and manage the environmental impact of their operations and the life cycle of products and services we purchase from them.

CUSTOMERS

Holcim is **developing and introducing low-carbon and/or recycled products and solutions** worldwide, helping customers reach their sustainability goals. We contribute to expanding architects', engineers' and customers' knowledge of sustainable construction practices to accelerate the transition to net zero.

COMMUNITIES

Creating a positive social impact in the communities where we operate. We aim to decarbonize while providing high-value jobs, increased affordable housing and skills development. We are building today for a positive tomorrow. Focusing on stakeholder engagement, human rights and transparent and inclusive processes.

HOLCIM

ADVANCING TOWARDS A JUST TRANSITION

HOLCIM´S PROGRAMS & ACTIONS

EMPLOYEES

- **BELGIUM: UPSKILLING OUR PEOPLE**
- Plant transformation to decarbonize our production
- Program to upskill and reskill 166 people to be Talents of Tomorrow
- Focus on soft & technical skills, cultivating an agile mindset to thrive in this new environment

SUPPLIERS

- **PROVIDING SUPPLIERS WITH CREDIT SOLUTIONS**
- Initiative in 8 countries in Latin America to decarbonize transportation
- Holcim connects transportation companies with truck producers and banks, enabling affordable credit solutions for suppliers to upgrade their fleet to meet decarbonization goals

CUSTOMERS

- **HOLCIM SUSTAINABLE CONSTRUCTION ACADEMY**
- Free online training program aimed at upskilling built environment professionals with the skills they need to drive low-carbon, circular and regenerative design in the building sector

LINK

COMMUNITIES

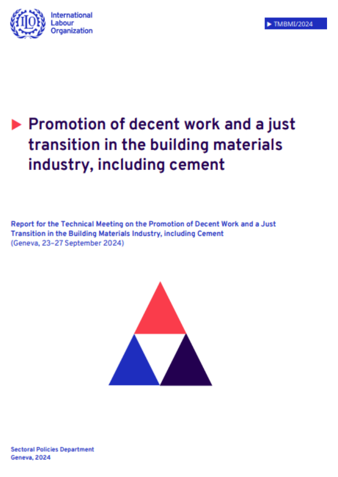
- **COMMUNITY UPSKILLING FOR 3D PRINTING**
- The walls of a two-bedroom house were printed in 18 hours, while in a three-bedroom house the walls were completed after 28 hours of printing
- Creation of highly skilled jobs, with local workers being trained as 3D machine assistants and specialists

HOLCIM

Resources and Tools

- [Promotion of decent work and a just transition in the building materials industry, including cement (ILO)]
- [Building Materials and The Climate: Constructing a New Future (UNEP)]

- [Human rights due diligence tool for infrastructure investors (PRI)]
- [Human rights due diligence tool for real estate investors (PRI)]

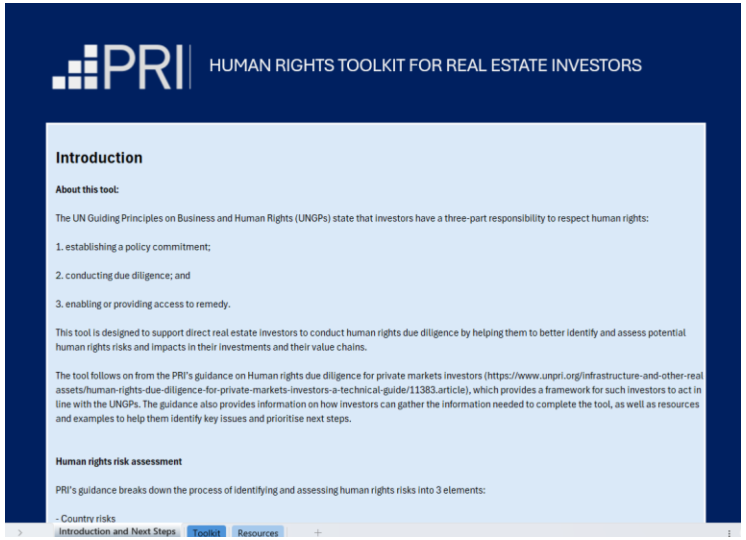

International Labour Organization

TMBMI/2024

Promotion of decent work and a just transition in the building materials industry, including cement

Report for the Technical Meeting on the Promotion of Decent Work and a Just Transition in the Building Materials Industry, including Cement (Geneva, 23–27 September 2024)

Sectoral Policies Department
Geneva, 2024


PRI | HUMAN RIGHTS TOOLKIT FOR REAL ESTATE INVESTORS

Introduction

About this tool:

The UN Guiding Principles on Business and Human Rights (UNGPs) state that investors have a three-part responsibility to respect human rights:

1. establishing a policy commitment;

2. conducting due diligence; and

3. enabling or providing access to remedy.

This tool is designed to support direct real estate investors to conduct human rights due diligence by helping them to better identify and assess potential human rights risks and impacts in their investments and their value chains.

The tool follows on from the PRI's guidance on Human rights due diligence for private markets investors (https://www.unpri.org/infrastructure-and-other-real assets/human-rights-due-diligence-for-private-markets-investors-a-technical-guide/11383.article), which provides a framework for such investors to act in line with the UNGPs. The guidance also provides information on how investors can gather the information needed to complete the tool, as well as resources and examples to help them identify key issues and prioritise next steps.

Human rights risk assessment

PRI's guidance breaks down the process of identifying and assessing human rights risks into 3 elements:

- Country risks

Introduction and Next Steps | Toolkit | Resources

Resources and Tools

- Just Transition Finance Tool for banking and investing activities (ILO & LSE GRI)
- Just Transition Finance – Pathways for banking and insurance (ILO & UNEP FI)
- Enhancing the social dimension in transition finance: towards a just transition (ILO)

- Human rights Toolkit includes specific sector deep dives on Infrastructure and Minerals and metals extraction (UNEP FI)
- **UNEP FI's Net Zero Banking Alliance** is convening a **Cement working group** to explore solutions for advancing cement portfolio decarbonization.

  A report will be available by year end.