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# Investor Expectations for Corporate Just Transition Planning

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# About the Investor Group on Climate Change.

We are the leading network for Australian and New Zealand investors to understand and respond to the risks and opportunities of climate change.

Our members include our countries' largest superannuation and retail funds, specialist investors and advisory groups.

They are custodians of the retirement funds and savings for more than 14.8 million Australians and millions more New Zealanders.

Our members manage more than \$35 trillion in global assets, and almost \$5 trillion locally.

## About This Report

This comprehensive guide is designed to support stewardship teams in understanding, assessing, and engaging with the Just Transition plans of their investee companies. It draws on global best practices, existing resources, and extensive consultation with IGCC members and key stakeholders involved in Australia's transition to a net zero economy.

With a balance of essential background information, actionable processes, and practical checklist templates, this guide provides a solid foundation for investors to implement best practices in driving equitable and sustainable corporate transitions.

## Acknowledgements

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IGCC would like to extend our appreciation to the investors, civil society organisations and union representatives who contributed to this guide. However individual IGCC members and signatories to Climate Action 100+ may hold different views and information from what is in this paper. The Investor Group on Climate Change takes sole and final responsibility for the content of this paper. Please refer to the disclaimer on the final page for more important legal information.

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# 01: Executive Summary

The Just Transition has become a crucial consideration for investors.

Institutional investors understand that the transition to net zero should be beneficial for the whole economy, and failure to engage in and support an orderly and equitable transition may result in unintended consequences for other parts of their investment portfolio. By integrating just transition principles into investment strategies, investors

can mitigate against economic shocks and support sustainable practices that protect and enhance their financial returns.

This report serves as a comprehensive guide for Australian investors to evaluate corporate Just Transition plans, synthesising existing frameworks while providing practical tools and insights.

## Key Defining Elements of a Just Transition

Consultations with institutional investors, including IGCC members, have identified ten key elements that are critical to a just transition:

1. **Two-way engagement:** Genuine dialogue exists between the government, companies and their stakeholders.
2. **Future jobs:** There is a clear focus on the employment opportunities available to workers.
3. **Time-bound:** There is a definitive timetable for action established by the government and other stakeholders.
4. **Certain:** The transition plan remains stable, not subject to market fluctuations.
5. **Stable:** Emphasis is placed on minimising economic volatility.
6. **People-orientated:** Decisions consider the impact on people.
7. **Inclusive:** Those stakeholders that may have a limited voice, are heard and included.
8. **Local focus:** Actions acknowledge the unique needs of the local community and economy.
9. **Adaptive:** The plan is flexible, allowing for different approaches while maintaining a clear focus on objectives.
10. **Interconnectedness:** Acknowledge that delivering a just transition is intertwined with other initiatives, whether they be driven by the company, government, or community.

## Actions for Companies to Include in Just Transition Plans

Company Just Transition plans should be designed as practical tools that address a company's specific social transition risks and opportunities. They should be guided by materiality assessment with clear actions and timeframes. Plans should address the following:

- **Stakeholder engagement and social dialogue:** opportunities and forums for two-way engagement with stakeholders including workers, communities and First Nation groups; transparent communication of plans, progress and outcomes.
- **Planning and implementation:** timebound plans with measurable goals; clear commitments to workforce and community planning; assessment of risks and opportunities associated with the transition of specific assets.

- **Support for affected workers and communities:** provision of workforce retraining, reskilling, and redeployment opportunities; participation and investment in community economic diversification and renewal; direct or indirect interventions on social protection measures, such as healthcare and income support; special provision for communities facing higher barriers, such as First Nation communities.
- **Advocacy and collaboration:** Advocacy and collaboration with businesses, governments and other stakeholders for enabling policies and collective action.

## Evaluating the Quality and Scope of Just Transition Plans

Investors expect corporate Just Transition plans to be **specific**, with clear, detailed, and 'SMART' (Specific, Measurable, Achievable, Relevant, and Time-bound) actions.

Investors look for **tangible commitment** from corporate leaders with evidence that a company's executives and board are fully dedicated to the principles of a just transition. The strength of commitment can be gauged by the financial and human resources allocated towards transition risks and integration of social equity into core business practices.

Investors expect **robust accountability and governance structures**, including clear roles and responsibilities, performance metrics tied to just transition outcomes, and mechanisms for tracking progress against goals and adjusting plans accordingly.

**Communication is paramount**, supported by transparent and frequent updates on the progress of Just Transition plans through a suitable disclosure and public reporting regime.

This report proposes the following guiding principles and accompanying engagement questions for investors to evaluate Just Transition plans based on considerations at a company, workers, local communities (including suppliers, community organizations, and local governments) and the wider market (including policymakers, advocacy groups, and regulatory bodies) level.



Company	Policy Alignment	Does the company review its policies and processes to ensure alignment with minimum worker and community rights?
	Concrete Actions	Has the company committed to specific, measurable, and time-bound targets/actions to manage the material social impacts and risks associated with its climate transition plan?
	Transparency	Does the company clearly communicate its just transition goals, processes, and progress through regular reporting and dialogue with affected stakeholders?
Worker	Social Protection	Will the company provide adequate minimum protection for its affected workforce, including income support, retraining opportunities, and participation in voluntary pooled redeployment schemes?
	Future Opportunity	Will the company develop or contribute towards future employment opportunities for impacted workers within their own organisation, supply chain and other impacted workplaces (e.g. by contributing to the creation of new jobs in a 'green economy' or supporting redeployment to alternative, sustainable jobs)?
Community	Taking Responsibility for Social Impact and Risk	Does the company publish details of the social impacts and risks facing affected stakeholder groups due to its climate transition plans?
	Local Adaptations	Does the company actively support and engage with community-based transition planning, aligning with the priorities and expectations of any local transition, economic development and diversification plans?
	Coalition Building	Does the company seek to build diverse and functional community stakeholder coalitions to better address the just transition challenge and maximise the opportunities?
Markets	Sustainable Development	Does the company's climate transition plan align with sustainable development goals, ensuring that its transition promotes environmental sustainability, decent work, and social inclusion?
	Systems Thinking	Does the company demonstrate that its strategic plans and proposed actions take into consideration the wider market, policies and regulations?
System level linkages and dialogue	Inclusiveness	Does the company commit to regular, two-way dialogue with all relevant stakeholder groups, including workers, unions, and communities, to inform them of the measures in its Just Transition plan?
		Does the company ensure accountability to these stakeholders by providing channels for feedback loops?

# 02: Introduction

As the global economy accelerates its transition to a low-carbon future, the concept of a 'just transition' has gained prominence, emerging as a critical element in ensuring that the shift to sustainable practices is both equitable and inclusive. Companies across industries are under increasing pressure to develop and implement Just Transition plans that address the social, economic, and environmental impacts of decarbonisation on workers, communities, and other stakeholders. For investors, assessing these plans and their execution has become an essential component of responsible investment strategies.

The landscape of a 'just transition' is rapidly evolving, with increasing recognition that transitioning to a low-carbon economy must consider not only environmental challenges but also the imperative of the workforce and the creation of decent work and quality jobs.

This shift has led to the creation of various assessment frameworks, metrics, and tools designed to evaluate how well companies are integrating these principles into their operations and strategies. However, the wide range of frameworks presents challenges for investors as they navigate this complex landscape.

This report is designed to guide Australian investors in evaluating companies' Just Transition plans by synthesising existing tools and frameworks. It also provides practical insights on how to assess, implement, and engage with these plans, as well as serving as a resource for companies in the development of their plans and engagement with investors.

**Chapter 3: The Just Transition: What it means for Investors.** This section outlines the various definitions and perspectives of investors, policymakers, and advocacy groups within the just transition ecosystem, establishing a common language and understanding.

**Chapter 4: Reviewing the Landscape of Just Transition Methodologies and Frameworks.** Maps the landscape of existing just transition tools and frameworks, offering investors a comprehensive list of commonly used approaches to assess company plans, which can be tailored to their specific strategies and asset classes.

**Chapter 5: Guidance for Investor Analysis of Corporate Just Transition Strategies.** This section provides tools for IGCC Members. It introduces IGCC's suite of tools, developed through workshops with major Australian investors and other key stakeholders, to help evaluate Just Transition plans. It includes guidelines for tracking progress and a set of due diligence questions for informed investment decisions.

This report builds on various global frameworks, some of which IGCC has contributed to in 2021<sup>1</sup> and 2023,<sup>2</sup> and

the work of the Australian Council of Superannuation Investors (ACSI) in 2022.<sup>3</sup>

As mandatory climate disclosure and Sustainable Finance Roadmap initiatives continue to evolve, investors can expect further guidance on climate transition plans that are developed and adjusted to meet the needs of regulators, investors, and the broader community.

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1 "Empowering Communities: How investors can support an equitable transition to net zero (2021)".

2 "Investing in Australia's Vital Regions (2023)".

3 Australian Council for Superannuation Investors, (Dec 2022) 'A just transition to a clean energy economy' (<https://acsi.org.au/wp-content/uploads/2022/12/Just-Transitions-Research-Paper.Dec22.pdf>).



# 03: The Just Transition: What it Means for Investors

*“A just transition works to ensure that the transition to net zero emissions and climate resilience is orderly, inclusive and just, creates decent work opportunities and leaves no one behind.*

*This depends on a fair process built on social dialogue, stakeholder engagement and a universal respect for fundamental labour rights and other human rights.*

*Just transition is not an independent practice; it is a principles-based approach for climate change mitigation and adaptation activities, relevant for all countries and sectors.”*

*— United Nations Global Compact, Introduction to Just Transition: a Business Brief*

## 3.1 What is the Just Transition?

Understanding the scope of the Just Transition is crucial for all stakeholders, particularly those developing Climate Transition plans and those responsible for evaluating their credibility and reliability.

First introduced in the 1970s and early 1980's<sup>4</sup> by the labour movement, the concept of a just transition has since evolved. It is now embraced by environmental activists, justice organisations and the private sector, and has gained greater prominence since its inclusion in the preamble of the Paris Agreement.

The term 'just transition' carries multiple definitions, shaped by both its longstanding usage and the various groups advocating for its implementation.

Consultations with institutional investors, including IGCC members, have identified several key elements that are critical to a just transition.

Fundamental to the definition of a just transition is the expectation that companies, through public disclosures, demonstrate that they are contributing to an orderly, equitable and fair transition that engages all affected stakeholders. This includes ensuring that marginalised voices are heard and that the benefits and costs of a transition are distributed equitably.

### Community Expectations May Continue to Evolve:

Recent work from organisations including the Stockholm Environment Institute (2020)<sup>5</sup> (see Appendix 2) and the Just Transition Finance Lab (2024)<sup>6</sup> outline additional principles to consider for a just transition:

1. **Restorative action:** Addressing and repairing past damage.
2. **An active contribution to low-carbon solutions:** Actively supporting and advancing sustainable, low-carbon alternatives.
3. **Avoiding further damage:** Ensuring that no additional damage is inflicted.

### Key Defining Elements of a Just Transition

1. **Two-way engagement:** Genuine dialogue exists between the government, companies and their stakeholders.
2. **Future jobs:** There is a clear focus on the employment opportunities available to workers.
3. **Time-bound:** There is a definitive timetable for action established by the government and other stakeholders.
4. **Certain:** The transition plan remains stable, not subject to market fluctuations.
5. **Stable:** Emphasis is placed on minimising economic volatility.
6. **People-orientated:** Decisions consider the impact on people.
7. **Inclusive:** Those stakeholders that may have a limited voice, are heard and included.
8. **Local focus:** Actions acknowledge the unique needs of the local community and economy.
9. **Adaptive:** The plan is flexible, allowing for different approaches while maintaining a clear focus on objectives.
10. **Interconnectedness:** Acknowledge that delivering a just transition is intertwined with other initiatives, whether they be driven by the company, government, or community.

4 Mah, Alice, May 30 2023 The Labour Movement Origins of "Just Transition", Our Times: Canada's independent Labour Magazine (<https://ourtimes.ca/article/the-labour-movement-origins-of-just-transition>).

5 Stockholm Environment Institute, (June 2020) 'Seven principles to realize a just transition to a low-carbon economy' (<https://www.sei.org/wp-content/uploads/2020/06/seven-principles-for-a-just-transition.pdf>).

6 Grantham Research Institute on Climate Change and the Environment, (October 2022) 'Making transition plans just' (<https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/10/Making-Transition-Plans-Just-2.pdf>).

## 3.2 Who Does the Energy Transition Impact?

The transition to a low-carbon future is not just a technical or financial challenge; it is fundamentally a social one. Identifying and engaging with a diverse number of critical

stakeholders is essential for achieving a just transition. This approach encourages the benefits and burdens of the low-carbon transition are fairly distributed and those

most vulnerable to its impacts are actively included in developing and implementing Just Transition plans.

### Critical Stakeholders:

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1. **Workers and unions:** Essential for co-creating transition plans and ensuring that workers' interests are represented.
2. **Employers:** Responsible for implementing the transition within their operations.
3. **Suppliers and related businesses:** Drive indirect change by delivering inputs to businesses affected by the transition and are often impacted by economic shifts. This category includes banks, training organisations and insurers.
4. **Governments:** Provide essential policy support, social protection measures, and economic incentives.
5. **Communities:** Local communities affected by the transition need to be involved to ensure their economic diversification and social resilience.
6. **Investors:** Influence business practices and can support companies that are committed to a just transition.
7. **Environment:** The environment is impacted by infrastructure development and ongoing adaptations to economic and transition changes.
8. **Customer:** Experience the impacts of business transitions through changes in prices, product quality and variety.
9. **First Nation Organisations:** Have unique roles and perspectives, particularly related to land stewardship and economic self-determination, which should be incorporated into the transition discussions.

### Within an Australian Context, Critical Stakeholders Will Also Include:

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- Economically dependent local communities and businesses
- Local, state and federal governments
- Trade unions
- First Nation communities
- Non-profit organisations addressing environmental and social issues

These stakeholder groups often possess unique insights, needs, and concerns that can shape the success or failure of just transition initiatives. Involving stakeholders in the co-creation of just transition initiatives incorporates diverse perspectives, helping to mitigate the risk of polarisation and social conflict, economic displacement, or local environmental damage. Proactive engagement with

stakeholders also fosters collaboration and trust, the key to managing robust and inclusive just transition strategies that endure over time.

## 3.3 The Importance of a Just Transition for Investors

Refer to Figure 1 for the benefits to investors in supporting a just transition.

The Just Transition has become a crucial consideration for investors, as asset owners, fund managers and other stakeholders aim to identify and allocate capital towards investment opportunities that balance managed risks with optimised rewards.

Institutional investors understand that the transition to net zero should be beneficial for the whole economy, and failure to manage it may result in unintended consequences for other parts of their investment portfolio. This is particularly important for universal owner investors.

Whilst for some investors a just transition may present a moral and ethical imperative to act, fundamentally by integrating just transition principles into their investment strategies, investors can support sustainable developments that protect and enhance their financial returns (see Figure 1).

Investors operate within a broader political and economic context. While a rapid, well-planned and orderly transition to net zero yields the most significant economic advantages, it depends on supportive policies that are driven by widespread social support. Ensuring that the benefits of the transition are shared equitably avoiding unjust outcomes fosters the democratic support needed for policymakers to take effective action.

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*Incorporating just transition analysis is critical to fulfilling investors fiduciary duty to generate long-term value.*

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Figure 1: Investor Benefits of Supporting a Just Transition

Theme	Description	Relevance to Investors
<b>Risk Management</b>  <i>Managing financial and reputational risks associated with the transition to a low-carbon economy.</i>	<p><b>Financial Risks:</b> A poorly managed transition can lead to stranded assets, regulatory fines, and increased costs associated with environmental and social liabilities. Companies that fail to manage these risks effectively may experience reduced profitability, increased costs associated with legal or regulatory action, and lower shareholder value. Further, a poorly managed transition may lead to productivity losses or lost time from industrial actions.</p> <p><b>Reputational Risks:</b> Companies that neglect the social dimensions of the transition may face negative public perception, leading to brand damage, loss of customer loyalty, and decreased market value.</p>	<p>Investors need to assess how companies are managing transition risks to protect their investments.</p> <p>Properly addressing just transition concerns can mitigate potential financial and reputational damages.</p>
<b>Long-term Value Creation</b>  <i>Supporting sustainable, long-term value creation by investing in companies that proactively manage the risks and opportunities associated with a just transition.</i>	<p><b>Sustainable Growth:</b> Companies that integrate just transition principles are likely to achieve more sustainable growth by safeguarding their future operations while contributing to broader societal goals and policy direction.</p> <p><b>Resilience:</b> Companies that focus on fair labour practices, community support, and environmental sustainability are more resilient to economic shocks, changes in the labour market and policy changes.</p>	<p>Investing in companies with robust Just Transition plans can ensure long-term returns by fostering resilience and sustainable growth.</p> <p>Such companies are better positioned to adapt to regulatory changes and market demands for sustainable practices.</p>



Figure 1: (continued)

Theme	Description	Relevance to Investors
<p><b>Alignment with ESG Goals</b></p> <p><i>Enhancing Environmental, Social, and Governance (ESG) performance by incorporating Just Transition principles, whilst limiting broader economic impacts on the economy.</i></p>	<p><b>ESG Integration:</b> A just transition is an integral part of the ‘S’ and ‘G’ in ESG. It emphasises social equity, fair labour practices, and strong governance structures.</p> <p><b>Impact Investing:</b> A segment of the investment market increasingly seeks to generate positive social and environmental impacts alongside financial returns. Supporting the just transition aligns with these impact investing goals.</p>	<p>Investors focused on ESG metrics can better assess and improve their portfolio’s social and governance performance by prioritising the just transition, enabling better management and mitigation of investment risk.</p> <p>This alignment helps meet investor commitments to responsible and sustainable investing.</p>
<p><b>Regulatory and Policy Compliance</b></p> <p><i>Ensuring compliance with emerging regulations and policies that support a just transition.</i></p>	<p><b>Regulatory Requirements:</b> Governments and international bodies are increasingly mandating disclosures and actions related to social and environmental impacts. Companies that proactively address these requirements are better prepared for regulatory compliance.</p> <p><b>Policy Alignment:</b> Supporting the just transition aligns with global policy initiatives, such as the Paris Agreement and the UN Sustainable Development Goals (SDGs).</p>	<p>Investors need to ensure that their portfolio companies comply with current and upcoming regulations to avoid legal and financial penalties.</p> <p>Alignment with policy initiatives demonstrates a commitment to global sustainability goals, enhancing investor reputation and stakeholder trust.</p>
<p><b>Social License to Operate</b></p> <p><i>Maintaining and enhancing a company’s social license to operate by addressing community and workforce concerns.</i></p>	<p><b>Community Support:</b> Companies that invest in their communities and support workforce transitions gain social acceptance and trust, which is critical for smooth operations.</p> <p><b>Workforce Stability:</b> Ensuring fair labour practices and job security during the transition fosters workforce stability and productivity.</p>	<p>Investors benefit from supporting companies that maintain strong relationships with their communities and workforce, reducing operational disruptions.</p> <p>A positive social license to operate can enhance company performance and investor returns.</p>
<p><b>Competitive Advantage</b></p> <p><i>Gaining a competitive advantage by leading in social responsibility and sustainability.</i></p>	<p><b>Market Positioning:</b> Companies that excel in managing the Just Transition can differentiate themselves in the market, attracting customers, investors, and talent.</p> <p><b>Innovation:</b> Embracing the just transition can drive innovation in sustainable practices, products and services.</p>	<p>Investors can capitalise on the competitive advantage of companies that are leaders in sustainability and social responsibility.</p> <p>Supporting innovation through just transition practices can lead to new market opportunities and revenue streams.</p>

## 3.4 Investors' Roles in Delivering a Just Transition

Institutional investors play a pivotal role in financial markets, wielding significant influence. They are considered to be the backbone of global capital allocation, directing investments across a wide array of asset classes, including equities, bonds, infrastructure, real estate, and private equity.

This allocation of capital can support or deter certain business practices, industries, or regions, thereby impacting economic growth and development. As stewards

of this vast amount of capital, investors have a fiduciary duty to their clients who are often individuals relying on these funds for retirement or insurance benefits.

This position in the market is particularly important to managing systemic risks related to climate change and decarbonisation.

Considering this, the fiduciary duty of investors is to act in the best financial interests of their clients and members,

managing long-term financial risks and opportunities to achieve competitive, risk-adjusted returns. This approach aligns with the need for long-term social and economic stability.

To fulfil this role, investors must protect existing investments and allocate capital to future opportunities while maintaining liquidity and managing volatility. Robust due diligence processes are required to support initial capital allocation and ongoing stewardship and advocacy.

# 04: Reviewing the Landscape of Just Transition Methodologies and Frameworks



A wide array of net zero transition plan methodologies and evaluation frameworks have been introduced globally, targeting corporate actors in transition-exposed sectors as well as those in the financial sector. While some frameworks provide minimal focus on the social aspects of this economic transformation, others offer in-depth guidance on the just transition.

For investors, these resources can be a double-edged sword. On one hand, they offer valuable insights that can help investors deepen their understanding and integration of just transition considerations. However, the abundance and diversity of these materials can create a complex and overwhelming environment for both companies and investors, leading to confusion around risks, expectations, required resources and potential costs. These frameworks are noted in Figure 2.

Moreover, recognised investor frameworks provide detailed criteria for evaluating the Just Transition plans of companies and assets, each focussing on different priorities and objectives. Figure 3 highlights the gaps and inconsistencies across these frameworks.

Against this backdrop, in May 2024 IGCC convened a group of investors, representing Australian superannuation funds and their fund managers, and community and workplace stakeholders. Through this initial roundtable and follow-up discussions, IGCC has developed the advice and tools in the following sections of this paper.

Figure 2: Just Transition-related methodologies and frameworks from around the world

#### **Guidance for Investors:**

1. Amundi Asset Management and Clifford Change LLP in partnership with the Grantham Research Institute and the Financing the Just Transition Alliance, 2024. 'Just Transition: A Framework for Investor Engagement'.
2. Climate Bonds Initiative, 'Guidance to Assess Transition Plans', 2023.
3. Australian Council of Superannuation Investors, 'A just transition to a clean energy economy: Investor expectations and policy recommendations', 2022.
4. Australian Council of Trade Unions, 'Guidance to assist investors and asset managers support a just transition', 2021.
5. Investor Group on Climate Change, 'How investors can support an equitable transition to net zero', 2021.
6. Grantham Research Institute on Climate Change and the Environment, 'Climate change and the just transition: A guide for investor action', 2018.

#### **Guidance for Businesses:**

1. Business for Social Responsibility, 'The Just Transition Planning Process for Business', 2023.
2. World Benchmarking Alliance, 'Just Transition Methodology', 2021.
3. Council for Inclusive Capitalism, 'Just Transition: Framework for company action', 2021.



Figure 3: Just transition assessment frameworks – an illustration of gaps and inconsistencies

Model	Stakeholders <i>Which stakeholders are called out?</i>	Risks identified <i>Does it require risk identification?</i>	Initiatives <i>Does it require a set of initiatives for action?</i>	Metrics <i>Does it require specific metrics to be presented?</i>	Governance structure <i>Does it require a plan to define its oversight and accountability mechanisms?</i>	Annual disclosure <i>Does it require the plan to be disclosed to investors?</i>	Progress tracking <i>Does it require the plan to report back on progress on actions?</i>
Climate Action 100+ <sup>8</sup>	Workers, unions, communities		✓			✓	
World Benchmark Alliance <sup>9</sup>	Workers, unions, communities, policymakers	✓	✓			✓	✓
Australian Council of Trade Unions (ACTU) <sup>10</sup>	Workforce, unions, communities	✓	✓	✓		✓	✓
Council for Inclusive Capital <sup>11</sup>	Workers, communities, policymakers, suppliers, customers		✓			✓	✓
Amundi & Clifford Chance <sup>12</sup>	Workers, communities, policymakers suppliers, customers	✓	✓		✓	✓	

## Tools Focussing on Companies' Capital Allocation to Just Transition

Investors seek to understand the risks and opportunities of a just transition on investee companies via the assessment of Climate Transition Action Plans and associated just transition plan elements.

However, segments of the market specifically seek outcomes that are tightly aligned with a net zero future and specific sustainable finance taxonomies. To aid this, the World Bank has developed a “Just Transition Taxonomy”<sup>7</sup> for coal communities and associated transition challenges.

This taxonomy can be used by investors to match their capital allocation towards financing a just transition with a recognised framework. It has identified 57 different investible activities that can be determined as contributing towards a just transition, drawing these from European Union, Singaporean and Green Bond Taxonomies.

This resource complements the just transition planning frameworks summarised in this report. It may also prompt further avenues of analysis and engagement with investee companies on their Just Transition plans.

7 World Bank (June 2024), ‘World Bank Just Transition Taxonomy 2024’ (<https://thedocs.worldbank.org/en/doc/4170363805a08d5eaca17fbd62db45d2-0340012024/original/World-Bank-Just-Transition-Taxonomy-2024.pdf>).

8 Net Zero Company Benchmark Disclosure Framework Assessment Methodology V2.1 – 2024, October 2024.

9 World Benchmarking Alliance Just Transition Methodology, July 2021.

10 Securing a Just Transition, ‘Guidance to assist investors and asset managers support a just transition, February 2021.

11 Just Transition, Framework for Company Action, May 2023.

12 Just transition a framework for investor engagement, February 2024.

# 05: Guidance for Investor Analysis of Corporate Just Transition Strategies

This guidance from IGCC outlines key considerations for evaluating plans, methodologies for tracking progress, and a set of due diligence questions to aid in gathering insight for investment decision-making.

**Key points:**

- IGCC supports the integration of just transition considerations into climate planning for net zero ambition and does not advocate for separate Just Transition plans.
- IGCC supports the use of the World Benchmarking Alliance guidelines for companies in developing Just Transition plans and high-level principles for investors.

# 5.1 Key Actions for Companies to Include in Their Just Transition Plans

IGCC recommends that just transition planning frameworks are customised to each company's specific social transition risks and opportunities, with a particular focus on assets directly affected. These plans should be guided by a materiality assessment and grounded in concrete actions and clear timeframes. They should also be designed as practical tools for company management, employees, the broader community and investors.

Based on IGCC's review of existing frameworks (see Section 4), and input from Australian investors, we have identified the core processes that should be present in a plan:

- **Stakeholder Engagement and Social Dialogue**
  - Regular opportunities for two-way engagement with workers and their union representatives, and other affected community groups, including First Nation groups, to co-create transition plans.
  - Establishment of joint management-labour transition committees.
- Transparent communication about transition plans, including reporting on progress and outcomes, with the company's stakeholders, including government, community organisations, and First Nation representatives.
- **Planning and Implementation**
  - Concrete, time-bound plans with measurable goals for delivering support to affected workers and other stakeholders.
  - Clear commitments to workforce and community planning (see 'Support for Affected Workers and Communities' below).
  - Assessment of risks and opportunities associated with the transition of specific assets. For example, closure, transformation, or new developments.
- **Support for Affected Workers and Communities**
  - Provision of retraining, reskilling, and redeployment opportunities for affected staff and contractors.
  - Constructive participation and investment in community economic diversification and renewal.
- Contributions to social protection measures, such as healthcare and income support, either directly (through financial contributions to a suitable Community Foundation) or indirectly (through advocacy to government or participation in local planning and investment processes).
- Special provision for communities facing higher barriers, including First Nation communities.
- **Advocacy and Collaboration**
  - Advocacy for enabling policies and collective action to deliver a fair and equitable transition.
  - Collaboration with other businesses, governments, and organisations to promote and implement consistent policies, regulations and incentives to deliver a fair and equitable transition.

## 5.2 Evaluating the Quality of Corporate Just Transition Plans

Institutional investors have high expectations when assessing the climate transition strategies of the companies they invest in. This is because investors seek to ensure that their investee companies are well-positioned for sustainable growth and long-term value creation in the context of global commitments to achieving a net zero economy by 2050.

The Australian Council of Superannuation Investors (ACSI) conducted a review of various frameworks in December 2022,<sup>13</sup> which resulted in a set of guiding principles and a list of minimum expectations for investors in companies affected by the energy transition.

These include:

1. Acknowledgment and commitment
2. Engagement with stakeholders
3. Context specificity
4. Context-specific action, measurement and outcomes
5. Advocacy and partnerships

Building upon the framework in ACSI's research paper (which sets out detailed expectations for companies), investors have highlighted the need for a clear articulation of their investee company's vision and objectives as they manage this transition. These objectives should be supported by a robust plan that aligns with market opportunities and competitive dynamics and ensures the transition of its operations and assets is 'just' because the process is both equitable and inclusive.

Further feedback on these expectations is discussed in detail below.

### 1. Plans are specific

Investors expect corporate Just Transition plans to be clear, detailed, and aligned with 'SMART' criteria:

Specific, Measurable, Achievable, Relevant, and Time-bound. Companies should first recognise the risks of the transition. This will allow them to outline specific actions to support workers, communities, and other stakeholders who are impacted. These actions should have well-defined milestones and timelines that demonstrate a realistic path forward for the company.

### 2. Commitment is tangible

The level of commitment from the company's leadership is a crucial factor. Investors look for strong evidence that the company's executives and board are fully dedicated to the principles of a Just Transition. The strength of commitment can be displayed by the financial and human resources allocated towards transition risks. This includes integrating social equity into the core business strategy and ensuring that the needs of vulnerable stakeholders are prioritised in decision-making processes.

### 3. Controls are in place

Robust accountability measures are also essential. Investors expect companies to establish strong governance structures that ensure oversight of the Just Transition plan. This includes clear roles and responsibilities, performance metrics tied to just transition outcomes, and mechanisms for taking corrective action if the plan's goals are not met.

### 4. Communication is paramount

Finally, a strong disclosure regime and regular public reporting are critical. Institutional investors and other key stakeholders expect transparent and frequent updates on the progress of Just Transition plans, supported by reliable data and stakeholder feedback. This level of transparency is crucial for building trust and allowing investors to monitor the company's adherence to its just transition

commitments. These elements have been identified and expanded in work undertaken by other investor groups, including ACSI's 2022 report.

### Examples of Leading Practice

- Companies can explore community equity in new developments, or at a minimum, invest in Community Benefit Funds and Foundations that support the community's long-term development aspirations and objectives.
- Companies can develop and work towards targets for equity and inclusion in their workforce development plans in partnership with local community groups.
- Companies can make commitments to supporting local procurement, for example, by setting targets for X% of local services/products and supporting the development of local procurement networks and capacity building.
- A company can outline the potential or real impact on any wage suppression occurring because of workers being transferred or reassigned to new companies ("receiving employers").
- Companies that have provided third-party assurance over reports or unfiltered independent reviews strengthen the credibility of reported information.
- Companies can establish 'transition partnerships' with affected suppliers to build capacity, drive innovation and provide certainty of demand for specific goods or services over a defined period.
- Investment into positive advocacy for system change to support the transition to a low carbon economy.

<sup>13</sup> Australian Council for Superannuation Investors, (Dec 2022) 'A just transition to a clean energy economy' (<https://acsi.org.au/wp-content/uploads/2022/12/Just-Transitions-Research-Paper.Dec22.pdf>).



## Metrics

Measuring the risks and outcomes of managing the just transition is a challenge for companies and investors alike. Currently, no mandated disclosure mechanism fully reflects a just transition.

As a starting point, investors and companies may wish to reference work by the Transition Plan Taskforce (TPT) based in the United Kingdom. A particularly useful resource has been developed by the Grantham Institute and the TPT which shows the range of just transition metrics across 13 of the world's leading disclosure frameworks.<sup>14</sup>

The compendium highlights that many just transition metrics already exist so there is no need to reinvent the wheel. It also reveals gaps in existing disclosure frameworks that need to be filled.

Similarly, the Global Reporting Initiative (GRI) identified that across a range of climate reporting regimes there was no inclusion of just transition metrics.<sup>15</sup> As a part of its public consultation process (February 2024) it outlined several reporting metrics that should be included in company reporting.

The GRI has proposed that the reporting organisation should:

1. Report the total number of jobs created because of the organisation's transition plan and provide a breakdown of this total by temporary and permanent jobs. Further, it should describe the actions taken to determine adequate remuneration is paid.
2. Report the total number of jobs eliminated as a result of the organisation's transition plan and provide a breakdown of this total by temporary and permanent jobs.
3. Report the ratio of the total number of jobs that have been redeployed as a result organisation's transition plan.

4. Report the number of employees that received training for up- and reskilling as a result of the implementation of the transition plan.
5. List the locations where the organisation's transition plan has impacts on local communities and First Nation Peoples.
6. Report the percentage of locations listed in which an agreement has been reached with local communities and First Nation Peoples to safeguard their interests.

These are focused on minimum quantitative measures, and there is an increasing desire to have more understanding of what outcomes are being delivered as opposed to standalone numbers. The ACTU's report, "Securing a Just Transition"<sup>16</sup>, provides several illustrations of further disclosure.

Another example is provided by the World Benchmarking Alliance (WBA). The WBA's methodology for assessing a Just Transition plan is comprehensive, focusing on several critical areas to ensure a balanced approach between decarbonisation and social equity. These details can be found in Appendix 1.

### Best in Class Approach

*The metrics adopted by a company should be tailored to the specific nature of and commitments within its Just Transition plan, and ideally developed in consultation with its stakeholders, including affected workers and their representatives, investors, and community groups.*

<sup>14</sup> Wang and Robins (2024) A compendium of just transition relevant metrics in 13 disclosure frameworks: April 2024. London: Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science (<https://transitiontaskforce.net/just-transition/>).

<sup>15</sup> Global Reporting Initiative (February 2024), 'GRI's Climate Change draft: how it supports the sustainability reporting landscape' (<https://www.globalreporting.org/media/0yydpzfq/gri-climatechangeoverviewtable-v12-1page.pdf>).

<sup>16</sup> Australian Council of Trade Unions (February 2021), 'Securing a just transition' ([https://beta.actu.org.au/wp-content/uploads/2023/10/securing-a-just-transition\\_feb2021-2.pdf](https://beta.actu.org.au/wp-content/uploads/2023/10/securing-a-just-transition_feb2021-2.pdf)).

## 5.3 Evaluating the Scope of Just Transition Plans

Investors employ a diverse variety of customised methods to evaluate the scope of companies' climate performance and planning. This report proposes several guiding principles, acknowledging that the relevance and materiality of these factors may vary depending on the company and context. It is ultimately up to each investor to determine the applicability and significance of these principles in their assessments.

A company's Just Transition plan should integrate feedback and insights from key stakeholders, ensuring interconnected communication and collaboration. Best practice involves incorporating input from the following groups:

**Company:** creates the just transition plan.

**Local community:** Including suppliers, community organizations, and local governments.

**Company workers:** Engaging employees in the planning and transition process.

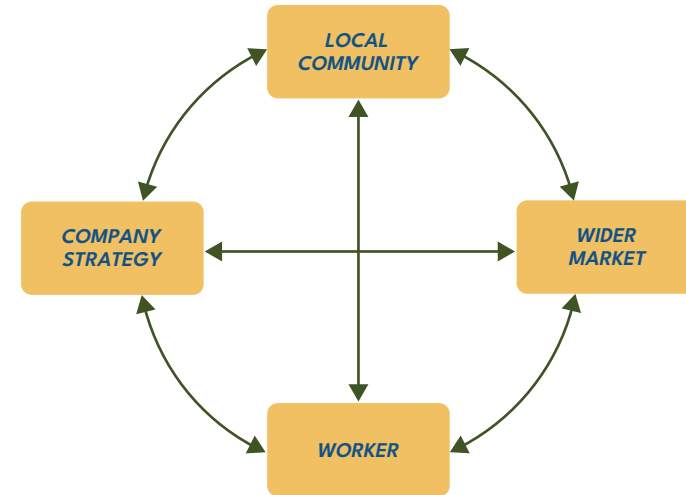
**Wider market:** Including policymakers, advocacy groups, and regulatory bodies.

For a Just Transition plan to be effective, these elements must be interconnected, with robust, ongoing dialogue among and between all stakeholders.

A strong Just Transition plan will integrate seamlessly with the company's overall strategic direction, emphasising the interconnectedness of the local community, workers, and the wider market. It should not be a standalone approach, but should instead align with existing governance structures and accountable stakeholder dialogue.

An effective plan brings together all parts of this ecosystem, fostering inclusive and transparent communication to ensure the transition is both smooth and sustainable.

Figure 4: Interconnected communication across stakeholders



### The Company

*The components of a Just Transition plan that address the company should aim for:*

- **Policy Alignment:** Assess whether the company has reviewed its policies and processes to ensure they align with minimum worker and community rights.
- **Concrete Actions:** Assess whether the company has committed to specific, measurable, and time-bound targets and actions to manage the social impacts and risks associated with its climate transition plan.
- **Transparency:** Assesses whether the company has clearly communicated its just transition goals, processes, and progress through regular reporting and dialogue with affected stakeholders. This includes outcomes of 'feedback loops' with impacted communities.

## The Workers

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*The components of a Just Transition plan that address workers' treatment and development should aim for:*

- **Social Protection:** The company provides adequate minimum protection for its affected workforce, including income support, retraining opportunities, and participation in voluntary pooled redeployment schemes. While the government plays a significant role in providing broad social protection, companies should actively contribute to these efforts, particularly for their immediate workforce.
- **Future Opportunity:** The company actively looks to develop or contribute towards future employment opportunities for impacted workers within their own organisation, supply chain and other impacted workplaces. This may involve directly contributing to the creation of new jobs in a 'green economy' or providing redeployment of impacted workers to alternative, sustainable jobs.

## The Connected Communities and Markets

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*The components of a Just Transition plan that address the communities and market closely connected to the company should aim for:*

- **Taking Responsibility for Social Impact and Risk:** The company publishes a considered outline of the social impacts and risks facing affected stakeholder groups because of its climate transition plans (and links to 'concrete actions', noted above).
- **Local Adaptations:** The company actively supports and engages in community-based transition planning, aligning its contributions with the priorities and expectations outlined in local transition, economic development and diversification plans.
- **Coalition Building:** The company has sought to build diverse and functional stakeholder coalitions to better address the just transition challenge and maximise the opportunities.

## The Broader Market

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*The components of a Just Transition plan that address broader market dynamics should aim for:*

- **Sustainable Development:** The company's climate transition plan aligns with sustainable development goals, ensuring that the transition promotes environmental sustainability, decent work, and social inclusion.
- **Systems thinking:** The company demonstrates that its strategic plans consider its actions in the context of the wider market, policies and regulations.

## Linkages and Inclusive Dialogue Throughout the Connected System

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*The Just Transition plan should also account for the relationships and impacts among the various stakeholders mentioned above, with the goal of:*

- **Inclusiveness:** The company commits to regular, two-way dialogue with all relevant stakeholder groups, including workers, unions, and communities, to inform the measures in its Just Transition plan. The company ensures accountability to these stakeholders by providing channels for feedback loops.

Investors should continue to test corporate Just Transition plans against these principles, and given their strategic importance, look for evidence beyond companies' self-produced data. This may involve direct engagement with third parties such as relevant community groups, workers and unions, and employer groups to gain deeper insights.

## 5.4 Just Transition Assessment Checklist Template

The principles above can be effectively applied using a simple tool as illustrated in the following chart (Figure 5).

The investor can leverage these principles to ascertain the quality of a company's Just Transition plan. Tailored questions for further engagement and due diligence can be developed based on their specific needs and the company under assessment, drawing from a detailed list in Section 5.5.

Given that Just Transition planning is in its early stages there is a lack of widely accepted benchmarks for consistently rating responses from very poor to very good. This presents an opportunity for the investment industry to collaborate on establishing common standards.

Figure 5: Illustrative framework for evaluating a company's Just Transition plan

Pillar		Very Poor	Poor	Neutral	Good	Very Good	Potential Follow up Questions
Company	Policy Alignment					✓	How has the company's transition plan been included in company business planning, including Capex and Opex allocation?
	Concrete Actions			✓			What metrics is the executive taking on?
	Transparency	✓					What is the company's commitment to defining the board's role, establishing independent regular reporting, and setting relevant metrics? How does the company monitor the effectiveness and implementation of its Just Transition plan, including feedback loops with affected stakeholders? What metrics and indicators are used to measure progress, and how frequently and to whom are they reported?
Worker	Social Protection			✓			Outline specifics such as access to pooled redundancy vehicles. How is the company working with the community and government on social protection support? What social protection measures does the company have in place for affected workers and communities? (For example healthcare, income support, and social services.)
	Future Opportunity			✓			What measures are in place to ensure that new jobs are inclusive and offer equal opportunities for vulnerable and marginalised groups, including First Nation communities, women, people with a disability, refugees and migrants? How do the pay and conditions of any newly created jobs in the company compare with those that will be eliminated? Does the company have an approach to rehabilitation of its operations, and if so, how has the company looked at job creation?



Figure 5: (continued)

Pillar		Very Poor	Poor	Neutral	Good	Very Good	Potential Follow up Questions
Community	Impact Assessment				✓		<p>What data has the company used to develop the impact assessments?</p> <p>How does the company monitor and report on the effectiveness of these social protection measures?</p> <p>Does the company disclose any policy on engagement with such affected communities?</p> <p>How does the company address potential inequalities resulting from the transition?</p>
	Local Adaptation		✓				<p>How does the company ensure that its supply chain practices align with its just transition goals?</p> <p>What steps are taken to support suppliers in transitioning to more sustainable practices?</p>
	Coalitions		✓				<p>How does the company engage its suppliers and business partners in just transition initiatives?</p>
Markets	Sustainable Development	✓					<p>How do the initiatives link to global standards such as the Sustainable Development Goals or other globally recognised initiatives via the United Nations, World Bank, OECD or other like-minded institutions?</p>
	Systems Thinking	✓					<p>How does the company advocate in relation to policies that would support a just transition at local, national, and international levels?</p> <p>What specific policy dialogues has the company engaged in, and what were the outcomes?</p> <p>What processes does the company have in place to ensure that its lobbying efforts align with its just transition goals?</p>
Social Dialogue	Inclusiveness				✓		<p>How does the company engage workers, unions, and communities in the development of its Just Transition plan?</p> <p>Does the company provide examples of ongoing social dialogues and their outcomes?</p>

# 5.5 Potential Research and Engagement Questions

Based on our review and discussion of guiding principles for assessing corporate Just Transition plans, IGCC recommends the following set of research and engagement questions for Australian investors to consider. These build upon a variety of reports including the 2024 report authored by Amundi and Clifford Chance in partnership with Grantham Institute's Financing the Just Transition Alliance.<sup>17</sup>

## Governance

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**Objective:** Ensuring effective governance structures to oversee the Just Transition strategy.

**Questions:**

- What governance bodies or individuals are responsible for overseeing the Just Transition strategy?
- How is progress and accountability monitored and reported at the board, management and shareholder level?
- Do the relevant governance bodies have the necessary expertise and resources to effectively oversee the Just Transition strategy?
  - If not, how are they filling this gap?
- How are just transition targets and KPIs integrated into executive remuneration and performance criteria?
- How is progress tracked?
- What metrics/milestones are in place and what are the timeframes for these?

## Risk Management

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**Objective:** Identifying, assessing, and managing the risks associated with the just transition.

**Does the company have:**

- Processes in place to regularly identify, assess and manage just transition risks and impacts?
- Strategies to regularly identify implementation risks?
- Human rights policies and responsibilities incorporated into the company's risk management procedures?
- Strategies for mitigating the negative impacts of the transition on stakeholders?
- Measures to weigh just transition risks and opportunities against other transition risks and opportunities?
- Sufficient provisions or capital to undertake the steps towards the transition?
- A specific risk management plan and is it feasible?

<sup>17</sup> Clifford Chance / Amundi (February 2024) 'Just Transition: A framework for investor engagement', in partnership with Grantham Institute & Financing Just Transition Alliance ([https://www.cliffordchance.com/content/dam/cliffordchance/PDF/Feature\\_topics/just-transition-a-framework-for-investor-engagement.pdf](https://www.cliffordchance.com/content/dam/cliffordchance/PDF/Feature_topics/just-transition-a-framework-for-investor-engagement.pdf)).

## Social Dialogue and Stakeholder Engagement

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**Objective:** Ensuring meaningful and continuous engagement with stakeholders, including workers, unions, suppliers and communities, including First Nation communities.

### Does the company:

- Engage workers, unions, and communities in the development of its Just Transition plan?
- Provide examples of ongoing social dialogues and their outcomes?
- Have any metrics co-created with relevant groups?
- Ensure that stakeholder groups are diverse and inclusive? (For example considering gender, race, age and First Nation communities?)
- Have any mechanisms in place for ongoing stakeholder engagement and feedback? (For example, a just transition committee.)
- Have a measure of what ‘good’ looks like and how it will get there? (For example, jobs for displaced workers.)

## Planning

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**Objective:** Developing robust, measurable, and evidence-based transition plans that align with international standards and human rights.

### Does the company:

- Have a Just Transition plan? If so, what are the key elements?
- Integrate human rights and labour standards into its transition plan?
- Use time-bound, measurable indicators to assess the social impacts of the transition on workers, communities, including First Nation communities, and other affected stakeholders?
- Incorporate just transition considerations into the company’s broader climate strategy and transition plan?
- Include Just Transition plans in the wider business planning, including CapEx and OpEx allocation.

## Decent Job Creation

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**Objective:** Minimising employment dislocation impacts and creating opportunities for decent jobs (including green jobs).

### Does the company:

- Have a plan to create or support access to decent jobs in a net zero economy?
- Have measures in place to ensure new jobs are inclusive and offer equal opportunities for vulnerable and marginalised groups? (Including First Nation communities, women, people with disabilities, refugees and migrants?)
- Ensure the pay and conditions of any newly created jobs in the company compare with those that will be eliminated by the company?
- Have an approach to rehabilitation of its operations, and if so, how has the company looked at job creation?

## Worker Retention, Reskilling, and Upskilling

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**Objective:** Ensuring that workers have opportunities for training and development to transition to new roles.

### Does the company:

- Assess and disclose the risks of employment dislocation caused by the transition?
  - Do any mitigation initiatives link to this?
- Develop individualised work plans? Is it done by groupings?
- Provide retraining and reskilling programs for workers affected by the transition?
- Ensure equal access to these training opportunities for all employees, especially vulnerable groups?
  - How are the retraining and upskilling efforts aligned with the anticipated future job market and skill requirements?
- Provide examples of collaboration with unions and other stakeholders to deliver training initiatives?
- Facilitate worker participation in retraining and reskilling programs during paid work time?
- Provide compensation or financial support for workers affected by the company’s transition plans?
- Participate in voluntary, cooperative employee assistance programs and schemes?

## Social Protection and Impact Management

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**Objective:** Providing adequate social protection measures to address the impacts of the transition.

**Does the company:**

- Provide social protection measures for affected workers and communities? (For example, healthcare, income support, and social services).
- Disclose any policy on engagement with affected communities?
- Address potential inequalities resulting from the transition?
- Take specific steps to support community economic renewal or diversification?
- Work with community and government on social protection support?
- Monitor and report on the effectiveness of these social protection measures?

## Policy Advocacy and Regulation

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**Objective:** Advocating for supportive policies and regulations that facilitate a just transition.

**Does the company:**

- Advocate in relation to policies that would support a just transition at local, national, and international levels?
- Engage in specific policy dialogues and what have the outcomes been?
- Have processes in place to ensure that its lobbying efforts align with its Just Transition plan?
- Engage with government on just transition policies and legislation that are in the implementation or operational phase?
- Take steps to ensure compliance with any new government policies related to a just transition?
- Offer transparency about its positions and how they may differ from those of industry associations?

## Monitoring and Reporting

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**Objective:** Ensuring transparency and accountability through regular monitoring and reporting of just transition efforts.

**How does the company:**

- Monitor the effectiveness and implementation of its Just Transition plan, including feedback loops with affected stakeholders?
- Use metrics and indicators to measure progress? How frequently and who are they reported to?
- Provide recent examples of reports or disclosures related to the company's just transition efforts?
- Outline any processes to engage with stakeholders to assure or test a company's reports?
- Use feedback from these reports to improve its just transition strategy?

## Business Relationships and Supply Chains

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**Objective:** Extending just transition principles to the company's supply chain and business relationships.

**How does the company:**

- Engage its suppliers and business partners in just transition initiatives?
- Ensure that labour hire or contractors affected by the company's climate-related plans have access to the company's just transition consultation, engagement, and initiatives?
- Set expectations for its suppliers regarding social dialogue and stakeholder engagement?
- Align its supply chain practices with its just transition goals?
- Support suppliers in transitioning to more sustainable practices?
- Address just transition risks across both direct and contracted workforces?

# 06: Appendix 1: Components of a Good Just Transition Plan According to the World Benchmarking Alliance

This list has been developed by the (World Benchmarking Alliance, 2023) and represents good practice.

### 1. Fundamentals of Social Dialogue and Stakeholder Engagement (JTI 1)

#### Expectations:

- Engage in continuous, meaningful social dialogue with workers, unions, communities, and other stakeholders.
- Ensure social dialogue encompasses all aspects of the transition, from planning to implementation and monitoring.
- Engage stakeholders at all levels – global, national, regional, sectoral, and local – through appropriate institutional arrangements.
- Ensure diversity in stakeholder groups, including racial and gender diversity.
- Transparent and inclusive communication with stakeholders to understand the transition and exercise their rights.

#### Indicator Elements:

- Public commitment to social dialogue with appropriate parties.
- Disclosure of stakeholder categories engaged in the transition.
- Steps taken to engage stakeholders.
- Demonstration of ongoing, meaningful social dialogue.

### 2. Fundamentals of Just Transition Planning (JTI 2)

#### Expectations:

- Commit to respecting human rights and promoting decent work.
- Develop robust, measurable, and evidence-based transition planning.
- Align planning with international human rights standards and the goals of the Paris Agreement.
- Ensure the involvement of workers, unions, and other stakeholders in planning.
- Include time-bound, measurable indicators for mitigating social impacts on workers, communities, and business relationships.
- Board-level responsibility and expertise on just transition issues.

#### Indicator Elements:

- Engagement in social dialogue and stakeholder engagement in planning.
- Time-bound, measurable indicators to mitigate social impacts on workers.
- Indicators to mitigate social impacts on affected stakeholders and vulnerable groups.
- Indicators to mitigate social impacts on business relationships.

### 3. Creating and Providing or Supporting Access to Green and Decent Jobs (JTI 3)

#### Expectations:

- Minimise employment dislocation impacts and create green and decent jobs.
- Ensure new jobs are decent and promote core labour rights.
- Incorporate inclusivity and diversity in job creation.
- Conduct assessments and disclose risks of employment dislocation.
- Provide reskilling and relocation opportunities.

#### Indicator Elements:

- Public commitment to create and support green and decent jobs.
- Assessment and disclosure of employment dislocation risks.
- Measures to create and support access to green and decent jobs.
- Measures to ensure gender balance and inclusion of vulnerable groups.



#### 4. Retaining and Re- and/or Up-Skilling Workers for an Inclusive and Balanced Workforce (JTI 4)

##### Expectations:

- Develop continuous training services for reskilling and upskilling workers.
- Ensure equal access to training opportunities.
- Collaborate with unions, vocational institutes, and governments on training.
- Promote lifelong learning and balance work, family, and learning interests.

##### Indicator Elements:

- Commitment to retaining, reskilling, and upskilling workers.
- Measures to provide or support training services.
- Ensuring equal access to training.
- Collaboration on training with unions and other stakeholders.

#### 5. Social Protection and Social Impact Management (JTI 5)

##### Expectations:

- Ensure social protection measures such as healthcare, income support, and social services.
- Address existing or potential inequalities resulting from the transition.
- Contribute to social protection systems and advocate for adequate income support.

##### Indicator Elements:

- Commitment to social protection.
- Measures to provide or support social protection.
- Engagement with stakeholders on social protection.
- Addressing social impacts on vulnerable groups.

#### 6. Advocacy for Policies and Regulations on Green and Decent Job Creation, Employee Retention, Education, and Reskilling (JTI 6)

##### Expectations:

- Advocate for policies that support a just transition.
- Engage in policy dialogues with governments and other stakeholders.
- Align lobbying efforts with climate and social issues.
- Ensure business relationships support just transition policies.

##### Indicator Elements:

- Commitment to advocate for just transition policies.
- Measures to engage in policy dialogues.
- Alignment of lobbying efforts with just transition goals.

Expectations for business relationships to support just transition policies.

# 07: Appendix 2: The Principles of a Just Transition According to the Stockholm Environment Institute (2020)

Based on IGCC's judgement and consultation with members, these principles represent best practices. They capture potential positive impacts and risks, the underlying ethos of just transition planning, and align with IGCC's consultation with members on the elements that matter most.

1. **Actively encourage decarbonisation:** The prospect of negative impacts in carbon-intensive regions is not a reason to avoid or delay decarbonisation. Delay is fundamentally unjust, noting that in the Australian context, the practical reality for some high-emitting companies is that it will be harder and may take longer to transform their business.
2. **Avoid the creation of carbon lock-in and more "losers" in these sectors:** Ensure that transition is not undermined by ongoing investment or other forms of support to carbon-intensive industry or fossil fuel production.
3. **Support affected regions:** Generate opportunities to nurture and maintain economic vitality and stability, prioritising regions with lower financial capacity and lower historical responsibility for global emissions.
4. **Support workers, their families, and the wider community affected by closures or downscaling:** Provide assistance to find new livelihood opportunities and ensure adequate social protections.
5. **Clean up environmental damage:** Ensure that related costs are not transferred from the private to the public sector.
6. **Address existing economic and social inequalities:** Include a social equity perspective in response measures.
7. **Ensure an inclusive and transparent planning process:** Base this process on wide social dialogue and determine economic development paths and priorities locally.



# Investor Group on Climate Change

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**Contact**

**+61 2 8974 1160**

**Email**

**Website**

**Linkedin**

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