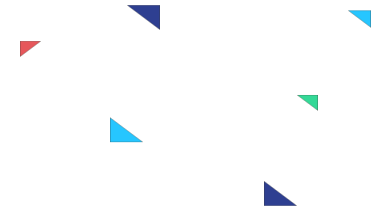


Engagement on Just Transition: a story of success

Colin Baines

Investment Engagement Manager

Energy utilities engagement – Just transition strategies

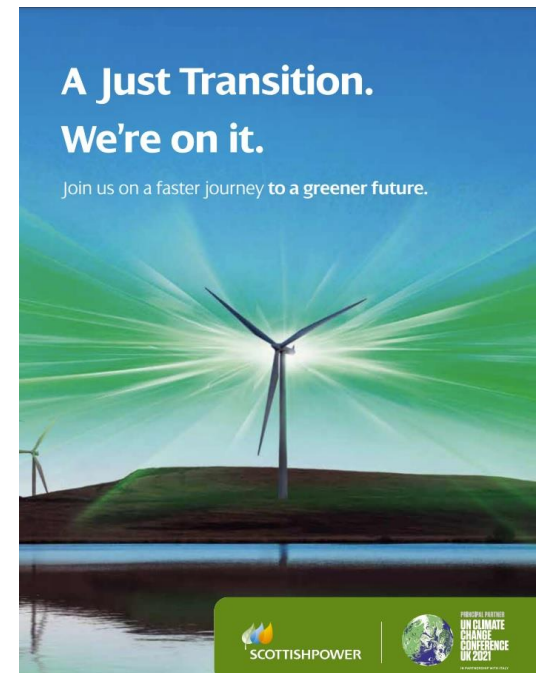


Background:

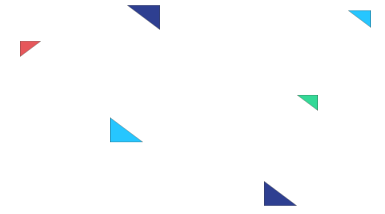
- Commenced shareholder engagement with energy utilities operating in the UK in 2019
- Partnered with Royal London Asset Management (RLAM) and supported by members of Shareholders for Change
- Companies engaged: SSE, Centrica, Scottish Power, EDF, E.On, RWE, Drax, and National Grid

Results:

- World's first formal Just Transition strategy from an energy utility – SSE plc (November 2020)
- Inclusion of Just Transition in E.On's decarbonisation strategy (March 2021)
- Formal Just Transition strategies from EDF, Centrica, and Scottish Power (ahead of COP26)



Expectations for energy utilities' Just Transition strategies



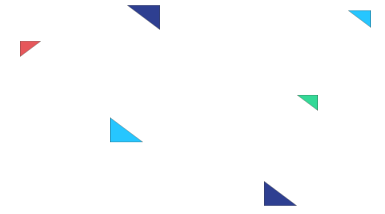
Workers:

- Early engagement and ongoing dialogue with workers and unions.
- Workers reskilling and redeployment, considering increased roles for renewable energy, electrification and digitisation, grid flexibility and demand management, heat decarbonisation, and energy efficiency.
- Provision of good quality new jobs with full adherence to International Labour Organization (ILO) Core Conventions, e.g. collective bargaining; and improving diversity and inclusion.

Community:

- Early engagement ahead of fossil fuel plant closure and community reinvestment.
- Fossil fuel site reuse to maximise retention of good quality jobs and utilise legacy grid infrastructure.
- Partnerships with local authorities and communities, including offering community ownership stakes in new renewable energy generation, and collaborations on local energy markets, demand management, and efficiency.

Expectations for energy utilities' Just Transition strategies



Supply chain:






- Place-based emphasis on suppliers and services for new infrastructure, and seek to add value to communities where they operate.
- Supplier standards covering labour, human rights and sustainability. E.g. adherence to the UN Global Compact and ILO Core Conventions throughout the supply chain.

Consumers:

- Energy affordability and fuel poverty alleviation, including energy efficiency and heat decarbonisation, and equitable distribution of system transition costs.
- Support for consumers, including vulnerable groups, to actively participate in the energy transition, including onsite generation, storage, and demand management.

Results: SSE strategy

SSE'S 20 PRINCIPLES FOR A JUST TRANSITION

TRANSITIONING INTO A NET-ZERO WORLD			TRANSITIONING OUT OF A HIGH-CARBON WORLD	
 <p>SSE'S PRINCIPLES FOR GOOD, GREEN JOBS (page 9)</p>	 <p>SSE'S PRINCIPLES FOR CONSUMER FAIRNESS (page 12)</p>	 <p>SSE'S PRINCIPLES FOR BUILDING AND OPERATING NEW ASSETS (page 13)</p>	 <p>SSE'S PRINCIPLES FOR PEOPLE IN HIGH-CARBON JOBS (page 15)</p>	 <p>SSE'S PRINCIPLES FOR SUPPORTING COMMUNITIES (page 18)</p>
<ol style="list-style-type: none"> 1. Guarantee fair and decent work 2. Attract and grow talent 3. Value employee voice 4. Boost inclusion and diversity 	<ol style="list-style-type: none"> 5. Co-create with stakeholders 6. Factor-in whole-system costs and benefits 7. Make transparent, evidence-based decisions 8. Advocate for fairness 	<ol style="list-style-type: none"> 9. Support competitive domestic supply chains 10. Set social safeguards 11. Share value with communities 12. Implement responsible developer standards 	<ol style="list-style-type: none"> 13. Re-purpose thermal generators for a net-zero world 14. Establish and maintain trust 15. Provide forward notice of change 16. Prioritise retraining and redeployment 	<ol style="list-style-type: none"> 17. Deliver robust stakeholder consultation 18. Form partnerships across sectors 19. Promote further industrial development 20. Respect and record cultural heritage

Results: EDF & Centrica strategies

EDF

 <p>CUSTOMERS</p> <ol style="list-style-type: none"> 1. Provide low carbon electricity at an affordable cost 2. Achieve energy savings and offer financial solutions 3. Develop social innovations 	 <p>EMPLOYEES</p> <ol style="list-style-type: none"> 1. Bolster all kinds of inclusivity and combat discrimination 2. Ensure job quality with just and competitive wages 3. Boost redeployment, individual support and job creation 	 <p>COMMUNITIES AND TERRITORIES</p> <ol style="list-style-type: none"> 1. Share value with the territory 2. Mitigate social impacts 3. Encourage development in vulnerable areas 	 <p>SUPPLIERS</p> <ol style="list-style-type: none"> 1. Increase empowerment within the supply chain 2. Support local and small suppliers 	 <p>PLANET'S RESOURCES</p> <ol style="list-style-type: none"> 1. Preserve biodiversity 2. Manage waste and promote circular economy 3. Work towards an integrated and sustainable water management
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Centrica

<p>Work towards a just transition for everyone</p>		<p>For customers by championing a fair and affordable transition</p>		<p>For colleagues as we grow a greener and more inclusive team</p>		<p>For communities by backing sustainable initiatives</p>		<p>For suppliers via collaboration for a low carbon supply chain</p>
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