

Just Zero

Investing in a Just Transition: State of the Art

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Just Transition: at the heart of financing climate action

1. **A critical enabling condition:** Climate success means creating positive social impacts for workers, communities and countries
2. **Policy, business & finance are starting to move:** Investors are incorporating the social dimension in their climate action plans
3. **After COP26, we need to scale up action:** Critical role for investors in shareholder engagement, capital allocation and policy advocacy.

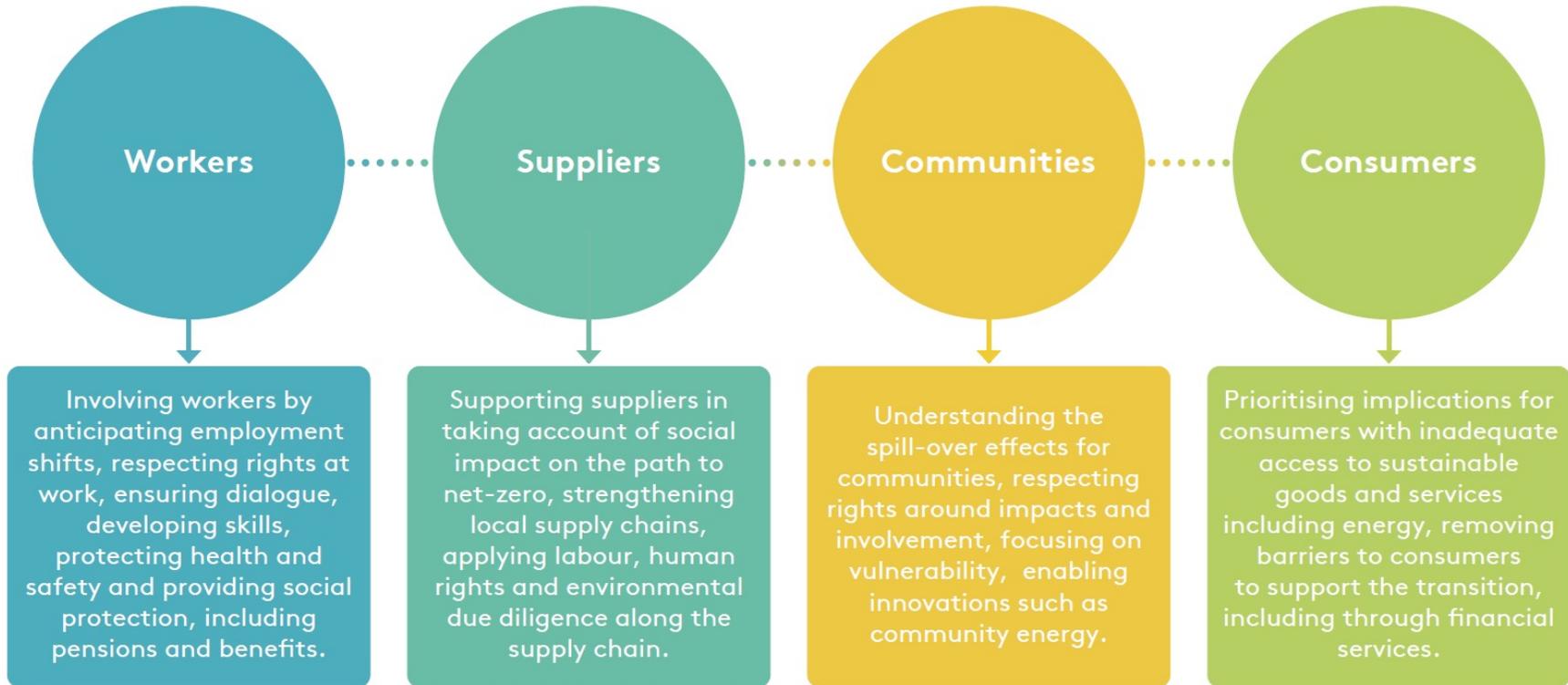


If net zero is the what, the just transition is the how

- **A critical enabling factor for net-zero and a compelling case for financial sector action**
- **The right thing to do:** realising human rights and shaping the shift to deliver positive social impact
- **The necessary thing to do:** building public trust and support, and reducing systemic risks to transition
- **The smart thing to do:** developing the social and human capital for a successful net zero economy



Putting people at the heart of climate action



The policy imperative

President Von Der Leyen, 2019

“This transition will either be working for all & be just, or it will not work at all.”



President Biden, 2021

“Tackle the climate crisis while creating good-paying union jobs & an equitable clean energy future”



The investor imperative

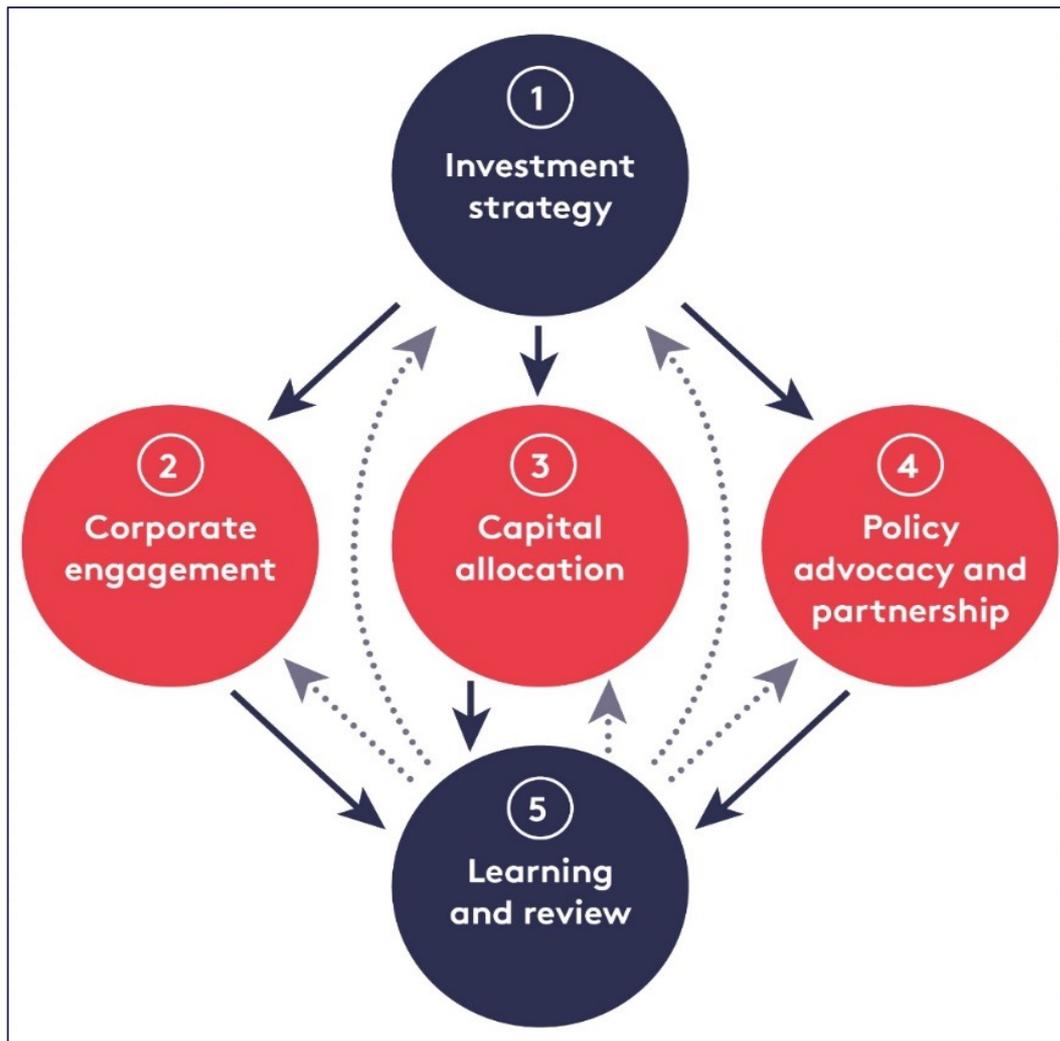
Il cambiamento climatico e la transizione giusta

Guida per l'investitore



Critical areas for investor action

Just Transition means connecting the E and the S of ESG



Foundations: Investor Expectations for Business

For due diligence, shareholder engagement and capital allocation

1. **Strategy:** Establish a plan for the just transition covering themes 2-7 below and ensuring social dialogue in corporate decision-making
2. **Workers:** Deliver good jobs and decent work, and promote retraining/redeployment
3. **Supply chain:** Support suppliers in the transition. Apply labour, human rights and sustainability due diligence in the supply chain
4. **Communities:** Engage and partner with local communities to address social risks and share value
5. **Consumers:** Support consumers by ensuring affordable access to key goods and services impacted by the transition
6. **Policy and Partnerships:** Advocate in industry associations and lobbying of government, and build partnerships for the just transition
7. **Transparency and disclosure:** Report just transition performance, including via TCFD



Partnership: the UK Financing the Just Transition Alliance

abundance.



THE INVESTOR FORUM



COP26: Financing the Just Transition

- 1. Glasgow Finance Alliance for Net Zero/GFANZ**
 - Finance sector transition plans to include the principles of the just transition: 450 institutions
- 2. Governmental Declaration on Just Transition**
 - Support workers, social dialogue, decent work, local economies, supply chains: 15 governments
- 3. Global Coal to Clean Power Transition**
 - 190 organisations commit to phase-out coal through just transition; PPCA finance briefing
- 4. South Africa Launches Just Energy Transition Partnership**
 - \$8.5bn in climate finance to link decarbonization with employment and livelihoods.
- 5. Business Just Energy Transition Framework Published**
 - Council for Inclusive Capitalism, with BP, ENI, SSE



For further information

Il cambiamento climatico e la transizione giusta: Guida per l'investitore

<https://www.lse.ac.uk/granthaminstitute/publication/il-cambiamento-climatico-e-la-transizione-giusta-guida-per-linvestitore/>

Investor Guide to the Just Transition

<https://www.lse.ac.uk/granthaminstitute/publication/climate-change-and-the-just-transition-a-guide-for-investor-action/>

Just Zero: 2021 Report of the UK Financing a Just Transition Alliance

<https://www.lse.ac.uk/granthaminstitute/publication/just-zero-2021-report-of-the-uk-financing-a-just-transition-alliance/>

Financing the Just Transition Beyond Coal

<https://www.lse.ac.uk/granthaminstitute/publication/financing-the-just-transition-beyond-coal/>

From the Grand to the Granular: Turning Just Transition Ambitions into Investor Action

<https://www.lse.ac.uk/granthaminstitute/publication/from-the-grand-to-the-granular-translating-just-transition-ambitions-into-investor-action/>

Inevitable Policy Response: Why a just transition is crucial for effective climate action

<https://www.unpri.org/why-a-just-transition-is-crucial-for-effective-climate-action/4785.article>

Financing Climate Action with Positive Social Impact: the UK banking & just transition report

http://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Financing-climate-action-with-positive-social-impact_How-banking-can-support-a-just-transition-in-the-UK-1.pdf

BBC Radio - The Real Story: What is the cost of climate reform?

<https://www.bbc.co.uk/programmes/w3ct1hs8>

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