An aerial photograph of a city street with a prominent white-striped crosswalk. Several people are walking across the street, their shadows cast long and dark on the pavement. The image is used as a background for the report cover.

# Putting People at the Heart of Transition Plans:

**key steps and metrics  
for issuers**

**An advisory paper from the TPT's  
Just Transition Working Group**

**APRIL 2024**

PRODUCED FOR THE

**TPT** Transition Plan  
Taskforce

# About the TPT Just Transition Working Group

The Just Transition Working Group was set up in April 2023 to provide advice to the TPT on Just Transition. It was chaired by Nick Robins and Brendan Curran from the Just Transition Finance Lab at the Grantham Research Institute on Climate Change and Environment, London School of Economics, and Bella Landymore of the Impact Investing Institute, with support from Jodi-Ann Wang, also of the Just Transition Finance Lab.

During 2023, the Working Group provided advice to the TPT on how to further integrate Just Transition into the TPT Disclosure Framework and suite of Sector Guidance. This paper is the last output of the Working Group and reflects the conclusions of a series of meetings between April 2023 and February 2024. This paper is not part of the core suite of Transition Plan Taskforce documents. It was produced independently of the TPT Steering Group and Delivery Group.

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This report is one of four reports produced by the Just Transition, Nature, and Adaptation Working Groups of the TPT, and the TPT Advisory Group on SMEs:

- Building Climate-ready Transition Plans: Including adaptation and resilience for comprehensive transition planning approaches, an advisory paper from the TPT Adaptation Working Group;
- The Future for Nature in Transition Planning, an advisory paper from the TPT Nature Working Group;
- Putting People at the Heart of Transition Plans: key steps and metrics for issuers, an advisory paper from the Just Transition Working Group; and
- Considerations on SMEs and Transition Plans, a paper from the TPT's SME Advisory Group chaired by Bankers for Net Zero



# Acknowledgements

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Whilst this paper reflects the general consensus reached within the Working Group, it does not necessarily represent the views of individual members. The views, input and/or contributions of individual members are not necessarily aligned with the views held by, or the commercial strategies of, their employers/affiliated organisations.

This paper does not constitute financial, legal, or other professional advice and should not be relied upon as such. Nothing in the paper is intended to override, substitute, or alter existing legal or regulatory requirements, including, without limitation, duties of the entity's directors and senior managers, and the entity's constitutional documents. Nothing in the paper should be understood to require the disclosure of commercially sensitive information.



# Introduction

Global momentum is building towards the just transition, as defined by the TPT **Disclosure Framework** and accompanying **Explore the Disclosure Recommendations' guidance** as the process of:

“anticipating, assessing, and addressing the social risks and opportunities of the transition to a low-GHG emissions and climate-resilient development, as well as ensuring meaningful dialogue and participation for impacted groups (including workers, communities, supply chains, and consumers) in transition planning.”

Corporate planning for just transition is becoming a norm, highlighted by the convergence of **expectations from investors** (such as in the case of the Climate Action 100+, or CA100+), policymakers, regulators (such as in the case of the **Department of Work and Pensions' Taskforce on Social Factors**) and civil societies alike.

Analysis by the CA100+ initiative, benchmarking the world's 170 most carbon polluting companies, shows that less than a quarter of these companies (24%) have made a commitment to the just transition, and only five (3%) have produced just transition plans with stakeholder involvement. For carbon intensive sectors, best practice investor expectations are for companies to integrate just transition provisions throughout their plans and consolidate these into an identifiable just transition plan. In its 2023 assessment, the Transition

Pathway Initiative **found** that 23% of the 26 international banks assessed are reflecting just transition in their climate strategies.

The multilateral policy arena is also zeroing in on the just transition. COP28 witnessed the “**irresistible rise of the just transition**,” marked by the establishment and operationalisation of the first just transition work programme, which aims to cut across all climate activities, including finance, and international cooperation.

Since April 2023, the Transition Plan Taskforce has convened the Just Transition Working Group (JTWG), comprised of members from various real economy sectors, financial institutions, civil society, and stakeholder groups. The JTWG provided practical advice to the TPT on areas pertaining to transition plans' impacts and dependencies on social considerations, directly feeding into the **Disclosure Framework** and various sector-specific guidances.

**Why have we decided to produce this report?** While there has been a proliferation of transition plans guidance on mitigation and emissions reduction, the “how” nevertheless remains missing, specifically on the social and people dimension. Aligning, allocating, and accelerating finance for just transition necessitates greater technical clarity around just transition reporting, including what to track and report, and how.

**What does it intend to do?** This report *reviews, maps, and aggregates* just transition metrics from 13 existing disclosure frameworks that are relevant to transition planning and disclosures. These include market-specific financial disclosures, global voluntary financial disclosure frameworks, and just transition/environmental justice frameworks. As a “one-stop-shop” for just transition metrics, it assists users in (starting) the reporting on their just transition efforts in a comprehensive and consistent way using existing, accepted, and relevant metrics.

**Who is it for?** The primary audience is issuers aiming to strengthen their climate transition plans or just transition plans. It is also useful for users and the investment community in their engagement and assessment efforts. The

analysis can also aid regulators, standard setting agencies, and policymakers in designing and operationalising more holistic just transition strategies and disclosure guidances.

**How to utilise this report?** This document should be read alongside the accompanying technical mapping, titled “**A compendium of just transition relevant metrics in 13 disclosure frameworks: April 2024**”. Readers should read both documents alongside one another. This document provides a narrative overview of the accompanying technical mapping, including an overview of the analysis and the way forward. The accompanying technical mapping, which forms the other part of this joint output, includes detailed analysis of the 13 just transition-focused frameworks and a consolidation of just transition metrics.



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# 1. Integrating the just transition in climate transition plans

The TPT Disclosure Framework and the accompanying Implementation Guidance resources, both published in October 2023, embedded aspects of the just transition across the five elements and relevant sub-elements. The diagrams below visualise the inclusion of these social considerations. The border is an indication that at least one of the **three** priority actions to the just transition, which are constituting parts of the abovementioned just transition definition, is included.

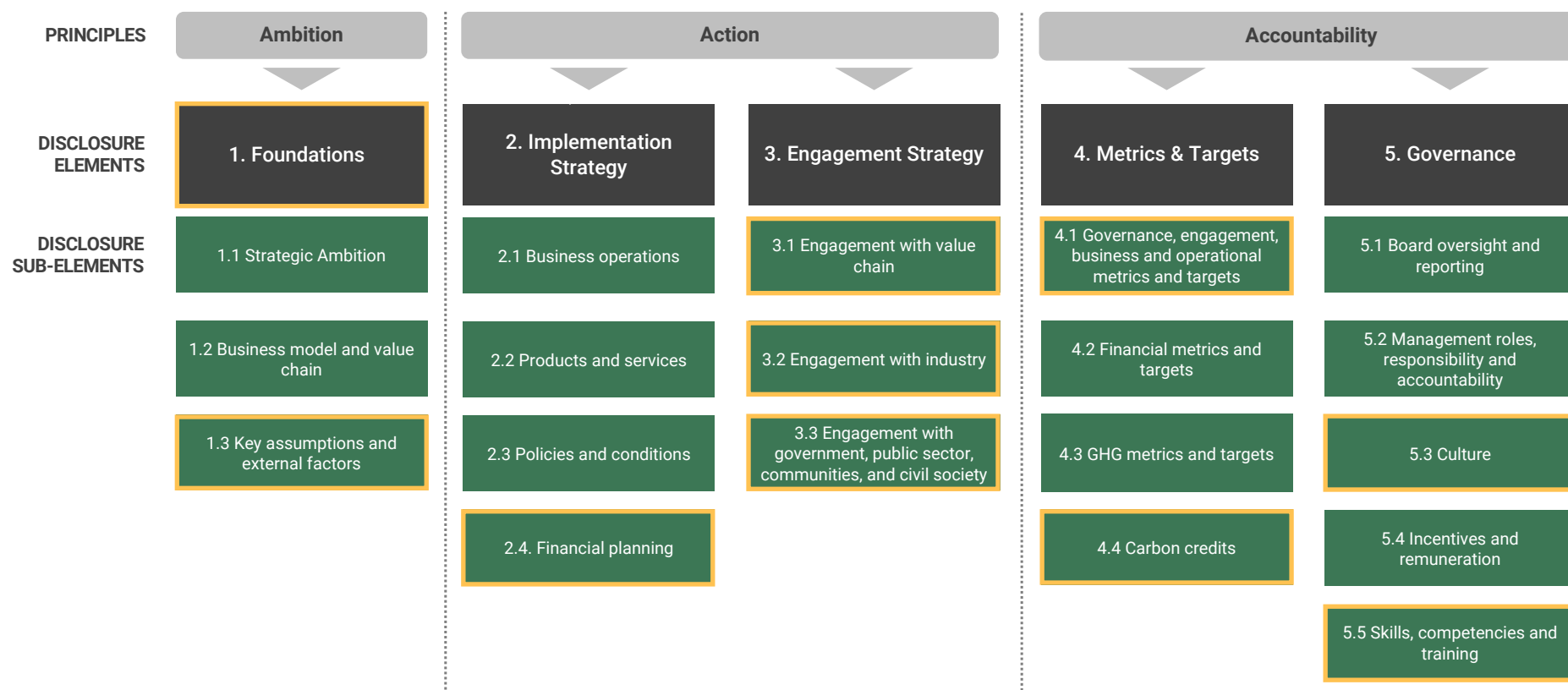
1. Anticipate, assess and minimise social risks of the transition.
2. Identify, enable, and maximise opportunities and benefits of the transition.
3. Ensure meaningful participation and dialogue in planning and execution.

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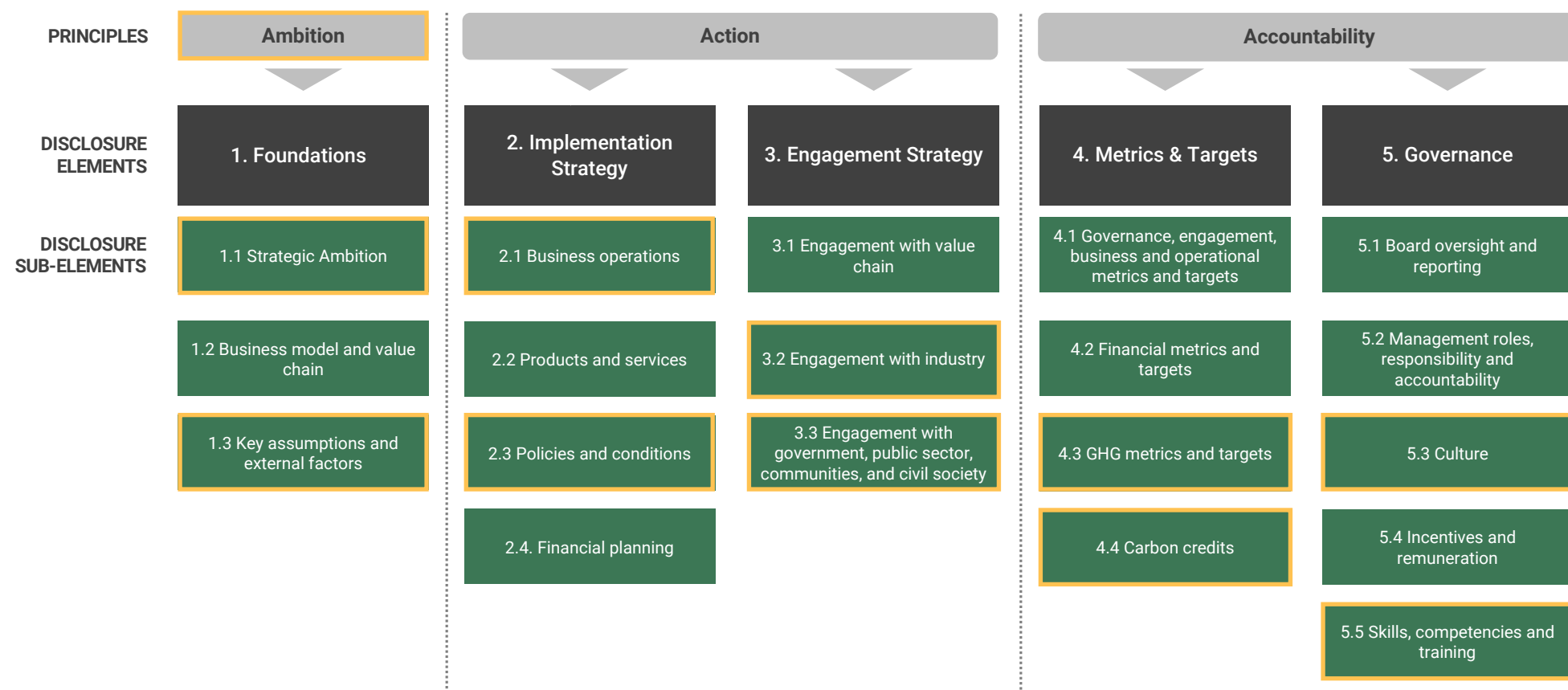


## Sub-Elements of the TPT Disclosure Framework which include just transition





— Sub-Elements in TPT guidance 'Explore the Disclosure Recommendations' which include just transition



Correspondingly, for issuers looking to disclose standalone just transition plans, or looking to dedicate a sub-section of their climate transition plan to the just transition, the TPT Disclosure Framework and its associated resources can also be a helpful guidance.

Below is a table that **inversely** maps the TPT Disclosure Framework and Explore the Disclosure Recommendations against the mapping methodology developed in this report (further explained below). We apply this inverted table to aid issuers look across the TPT Disclosure Framework and adequately apply them to relevant just transition actions.

## Mapping of priority just transition actions in the TPT Disclosure Framework and 'Explore the Disclosure Recommendations' Guidance

Priority actions of just transition planning	References in the <b>TPT Disclosure Framework</b>	Requirements <i>Non-exhaustive, illustrative examples. Text taken from TPT Disclosure Framework</i>	Example in practice <i>Text taken from <b>Explore the Disclosure Recommendations</b></i>	Example metric and indicator <i>Non-exhaustive examples, provided by the Just Transition Working Group</i>
<b>Identify, enable, and maximise opportunities and benefits of the transition</b>	Ambition 1.2 Strategic Ambition 2.3 Policies and conditions 5.5 Skills, competencies and training	<p>"a brief description of any policy or condition that it uses or plans to use in order to achieve the Strategic Ambition...<b>to matters such as...xii. advancing social equity</b> or addressing potential adverse social impacts (e.g. on communities)." (p. 25) (also applies to priority action below)</p> <p>"disclose the extent to which the entity <b>identifies and manages the impacts and dependencies of removals on its stakeholders, society, the economy, and the natural environment</b> throughout its value chain, that may give rise to sustainability-related risks and opportunities (for example, this may include an assessment and mitigation of social risks of removals usage (e.g. through human rights impact assessments))."(p.33) (also applies to priority action below)</p>	<p>"social measures which <b>increase the availability of key skills and knowledge</b> while ensuring an inclusive and equitable transition (e.g. re-skilling and upskilling measures)."</p> <p>"the <b>provision of products and services which tackle entity-level emissions whilst also reducing the cost faced by consumers</b> (e.g. scaling up low-cost renewable power generation)."</p> <p>"Whether and how <b>impacts and dependencies of carbon credits on stakeholders, society, the economy</b>, and the natural environment...an entity may therefore find it helpful to include...<b>information about social and environmental co-benefits</b> arising from the carbon projects that underline the carbon credits..."</p>	<p>% of input material (inputs to total inputs by value) sourced from suppliers: Directly sourced from MSMEs/ small producers/local suppliers</p> <p>% of employee base reskilled</p> <p># consumers benefiting from affordability programmes and plans</p>

Priority actions of just transition planning	References in the TPT Disclosure Framework	Requirements <i>Non-exhaustive, illustrative examples. Text taken from TPT Disclosure Framework</i>	Example in practice <i>Text taken from Explore the Disclosure Recommendations</i>	Example metric and indicator <i>Non-exhaustive examples, provided by the Just Transition Working Group</i>
<b>Anticipate, assess and address social risks of the transition.</b>	<p>Ambition</p> <p>1.1 Strategic Ambition</p> <p>1.3 Key Assumptions and external factors</p> <p>2.1 Business operations</p> <p>4.3 GHG Metrics and targets</p> <p>4.4 Carbon credits</p>	<p>“whether and how it has identified, assessed and taken into account the <b>impacts and dependencies of the transition plan on its stakeholders (e.g. its workforce, value chain counterparts, customers), society (e.g. local communities), the economy,</b> and the natural environment, throughout its value chain, that may give rise to sustainability-related risks and opportunities” (p.22)</p> <p>...the nature of the key assumptions that it uses and external factors on which it depends...such as... macroeconomic trends (e.g. labour availability, cost of borrowing etc.)...shifts in client and consumer demand...” (p. 23)</p>	<p>“such impacts and dependencies may include...<b>adverse or positive impacts on workers (e.g. from new opportunities or lay-offs resulting from a change in the entity’s strategic direction)...adverse or positive impacts on customers (e.g. changes in product prices or specifications... on communities in which the firm operates (e.g. from changes to local employment or benefit sharing agreements).</b>” (also applies to priority action above)</p> <p>“In disclosing information on targets related to governance (4.1.a), an entity may consider including any targets in areas such as remuneration (e.g. proportion of individuals with remuneration linked to progress against the Strategic Ambition) (see 5.4 Incentives and remuneration), <b>skills, competencies and training (e.g. percentage of at-risk workers being offered retraining or redeployment) (see 5.5. Skills, competencies and training)</b>”</p>	<p>Health and safety management system:</p> <p><b>a.</b> Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?</p> <p><b>b.</b> What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?</p> <p><b>c.</b> Whether the entity has processes for workers to report the work related hazards and to remove themselves from such risks. (Yes/ No)</p> <p><b>d.</b> Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)</p> <p>Disclosure of policies for own workers/workers in the supply chain</p>



Priority actions of just transition planning	References in the TPT Disclosure Framework	Requirements <i>Non-exhaustive, illustrative examples. Text taken from TPT Disclosure Framework</i>	Example in practice <i>Text taken from Explore the Disclosure Recommendations</i>	Example metric and indicator <i>Non-exhaustive examples, provided by the Just Transition Working Group</i>
		<p>"disclose whether and how the entity identifies and <b>manages the impacts and dependencies of carbon credits on its stakeholders, society, the economy, and the natural environment</b> throughout its value chain, that may give rise to sustainability-related risks and opportunities (for example, this may include an assessment and mitigation of social risks of carbon credits usage (e.g. through human rights impact assessments)" (p. 34)</p>	<p>"...proof that the <b>principle of Free, Prior and Informed Consent (FPIC) and Do No Harm were respected with local communities</b> where the project is situated; and, where appropriate, proof that projects respect, and ideally enhance, the rights of Indigenous Peoples and Local Communities (IPLCs);"</p>	<p>% of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas and/ or type of operation</p> <p>% of investments in investee companies without remediation mechanism for consumers/end-users of the investee companies</p>

Priority actions of just transition planning	References in the TPT Disclosure Framework	Requirements <i>Non-exhaustive, illustrative examples. Text taken from TPT Disclosure Framework</i>	Example in practice <i>Text taken from Explore the Disclosure Recommendations</i>	Example metric and indicator <i>Non-exhaustive examples, provided by the Just Transition Working Group</i>
Ensure meaningful participation and dialogue in planning and execution	<p>3.1 Engagement with value chain</p> <p>3.2 Engagement with industry</p> <p>3.3 Engagement with government, public sector and civil society</p> <p>5.3 Culture</p>	<p>"a description of current and planned engagement and collaborative activities with membership bodies, industry associations, <b>industry counterparts (and other relevant initiatives or entities; e.g. peers and labour unions)</b> including any commitments by the entity arising from these activities." (p. 28)</p> <p>"...an explanation of how the entity prioritises engagement activities in order to <b>maximise their contribution</b> towards achieving the Strategic Ambition..." (p. 29)</p>	<p>"Depending on the broader context of their transition plan, entities may decide to prioritise engagement efforts in different ways. For example, entities may disclose the extent to which they <b>prioritise engagement with...small suppliers or customers which require a greater degree of support.</b>"</p> <p>"...working with <b>suppliers to address deforestation, land conversion or human rights issues relevant to the transition plan... engagement with customers to encourage more sustainable consumption choices.</b>"</p> <p>"engagement with communities, civil society organisations, and multi-stakeholder initiatives to <b>ensure opportunity for meaningful social dialogue and stakeholder participation.</b>"</p> <p>"an entity may consider including any targets related to the nature of engagement activities (e.g. <b>number of engagements with suppliers on their transition plans, number of engagements with clients on the just transition</b>) as well as the <b>outcome of the engagement activities</b> (e.g. evidence of GHG emissions reductions by suppliers, <b>evidence of social dialogue in clients' transition plans</b>)."</p> <p>"...internal training programs and other efforts to <b>up-skill or re-skill</b> its workforce."</p>	<p>Describe (and disclose the #) actions taken to restore those affected to a situation at least the same as, or equivalent to, their situation before the adverse impact (human rights risks and impacts)</p> <p>% of employees in investee companies not covered by collective bargaining agreements</p> <p>Describe stakeholder engagements with Indigenous Peoples, Local Communities and affected stakeholders in the assessment and management of nature-related dependencies, impacts, risks and opportunities</p>

## 2. Focusing on real-world outcomes: the importance of metrics

Data, metrics, and indicators underpin the technical robustness for just transition planning. Ensuring high quality metrics is not only the right and principled thing to do in terms of upholding social considerations and human rights as transition plans expectations evolve, but it is also necessary to gain public trust, meet investors' expectations, and inform capital allocation and policymaking in the transition. Importantly, it is the smart thing to do, as a reference point for financial instruments and products for financing the transition, and in providing forward-looking, strategic information to the broader capital markets ecosystem in mainstreaming social considerations in sustainable finance.

Businesses cannot aim to capture all aspects of a just transition through metrics, as these will be inevitably reductionist. Yet, metrics provide the transparency, measurability, comparability, and accountability needed for just transition activities, be it at the transaction, project, or entity level. Still, strengthening metrics in disclosures can deliver multiple benefits for issuers and users, as well as policymakers, regulators, and supervisors.

These benefits include:

- Incentivises institutional, operational, and system-level changes in corporate strategy and impact management, which can catalyse sector-wide and supply chain improvements;

- Identifies loopholes or gaps in existing policies that can produce negative impact on social outcomes outcomes, so as to highlight areas of improvement towards positive social opportunities;
- Informs financing and investing decisions for financial institutions;
- Identifies and deters any misleading disclosure of information; and
- Supports the design and operationalisation of fair public policies and decarbonisation strategies by aiding targeted interventions and by providing policymakers with granular metrics and data on social impacts and vulnerabilities of companies, sectors, and regions.

Importantly, disclosure best practices (and metrics therein) are still on a journey. The end goal should be for metrics to be measurable, material, and traceable over time. But the journey must start somewhere, and the value of qualitative evidence should not be overlooked while guidance on quality metrics is developed and strengthened to support and evidence just transition implementation.

**For issuers and users, achieving a substantive level of indication of just transition progress should not require additional reporting burdens, and should not require issuers to “start from scratch.” While there is a need for social corporate disclosure as a baseline so as to understand the social impact of the transition, disclosing against the just transition should not require “reinventing the wheel”.**



## Data vs. metrics vs. indicators: what are the differences and what can they do?

While closely related and mutually informing of each other, there are differences between data, metrics, and indicators.

**Data** refers to facts and figures that are collected together, used for reference or analysis.

**Metrics** are quantifiable measures based on raw data used to assess, track, or evaluate a specific aspect of a system or process. It is a standardised unit of measurement that provides numerical/quantitative, or qualitative data. Metrics are used to understand the performance, progress, or impact of a particular phenomenon. For example, in the case of the just transition, this could include the “the number of stakeholder meetings conducted at early project development phase”, or the “% of goods and services targeting marginalised communities”.

**Indicators** are derived from metrics. They are specific values or variables that

are elected to represent a broader concept or phenomenon, often used to monitor progress towards stated goals or objectives, or towards facilitating decision-making processes. Indicators can provide a simplified or condensed representation of a complex phenomenon like the just transition. Indicators can also signpost trends and broader issues, in turn helping to interpret and communicate data and metrics in a more accessible and concise manner. Indicators could be derived at various levels, including the financial instrument, corporate, financial portfolio, or entity levels, or even at the policy and regulation level.

*For example: Data collected in labour force surveys could tell us about metrics such as (un)employment rate and economic inactivity rate for the working demographic, then indicators can be derived to disclose the percentage change in employment within a specific industry during a transition period.*



### 3. Technical Mapping of Just Transition Metrics in Disclosure Frameworks

To support issuers develop transition plans with just transition metrics, the working group has produced a separate technical mapping of 13 disclosure frameworks that are pertinent to the just transition. A compendium of just transition relevant metrics in 13 disclosure frameworks: April 2024" is available [here](#). The mapping provides additional metrics beyond metrics recommended in the TPT Disclosure Framework. It clearly shows how existing metrics are sufficient for issuers to demonstrate their consideration of the just transition in their transition plans.


#### Why the mapping is useful:

The technical mapping provides an interim just transition metrics compendium that issuers are starting (or due to start) reporting on. It combines leading elements of each of the 13 frameworks that characterise best practices and can serve as a benchmark. This exercise is useful for issuers looking to achieve either or both of the following two objectives:

- (1) issuing standalone just transition plans;
- (2) properly incorporate just transition considerations in climate transition plans. In the context of the TPT, the aim is the latter.

Below we explain the frameworks that were mapped, the criteria they were mapped against, and the methodology used.

The accompanying technical mapping reviews 13 disclosure frameworks that are pertinent to the just transition. The range of frameworks is selected to showcase the mutually informing relationships between corporate

	
<b>A COMPENDIUM OF JUST TRANSITION RELEVANT METRICS IN 13 DISCLOSURE FRAMEWORKS: APRIL 2024</b>	
<b>About - Navigating the document</b>	This compendium is designed to show the range of just transition relevant metrics across 13 of the world's leading disclosure frameworks. It was prepared by Jodi-Ann Wang and Nick Robins from the LSE's Just Transition Finance Lab, with research assistance from Mart Niehoff and Andrii Bilovuskiak. It is a contribution to the final report of Just Transition working Group of the UK's Transition Plan Taskforce (TPT). It is best read alongside the report, <i>Putting people at the heart of transition plans: key steps and metrics for issuers</i> , available here: <a href="#">XXX</a> . The aim of the compendium is to two-fold: first, to highlight that many just transition relevant metrics already exist - so that there is no need to reinvent the wheel; and second, to reveal gaps in existing disclosure frameworks which need to be filled.
<b>Sheet 2</b>	<b>"Just Transition Metrics"</b> This presents a first collection of just transition metrics that issuers can draw upon as they prepare their transition plans. It combines leading elements of 13 disclosure frameworks that characterise best practices and can serve as a resource for issuers to draw upon. This exercise is useful for issuers who are beginning their just transition planning journey to understand what to measure/discard. It is also useful for users of transition plans who wish to engage with issuers on the just transition. All metrics are extrapolated from the 13 existing disclosure frameworks, which are listed in the <b>"Visualisation"</b> in Sheet 3, highlighting that measuring and disclosing on the just transition need not "reinvent the wheel," as it is already embedded in existing guidance. However, more can be done to create impactful, robust metrics. This document sets out the beginning of the journey on just transition disclosures.
<b>Sheet 3</b>	<b>"Visualisation"</b> - This analysis of the 13 different frameworks shows the strengths and weaknesses of each compared with just transition factors in terms of stakeholder groups and priority actions in the form of a heatmap

**Above** Screenshot of the Compendium of Just Transition Relevant Metrics in 13 Disclosure Frameworks: April 2024, available [here](#)

issuers, financial institutions, and policymakers in advancing just transition planning. Analysing the 13 frameworks helps devise a set of high-level norms for issuers and create expectations that institutions consider the broader social and human impacts of their decision-making. The list of frameworks is by no means exhaustive, and is only reflective of the state of just transition frameworks at the start of 2024. **The mapping does not include the TPT Disclosure Framework as it is intended to include metrics in other frameworks which can supplement the TPT Disclosure Framework.**

The disclosure frameworks mapped are:

Market-specific financial disclosures	Global voluntary financial disclosure frameworks	Just transition/environmental justice frameworks
European Sustainability Reporting Standards (ESRS) EU Sustainable Finance Disclosure Regulation (SFDR) India Business Responsibility and Sustainability Reporting (BRSR)	International Financial Reporting Standards (IFRS), S2 Climate-related Disclosures The Taskforce for Nature-related Financial Disclosures (TNFD) Recommendations Global Reporting Initiative (GRI) Standards	International Labour Organization (ILO) Guidelines World Benchmarking Alliance (WBA), Social transformation framework Impact Investing Institute (III), Just Transition Criteria UN Guiding Principles Reporting Framework (UNGP) South Africa Trade & Industrial Policy Strategies (TIPS), Just Transition Transaction Framework Spain Just Transition Strategy US Inflation Reduction Act, Environmental Justice

Each of the frameworks are mapped against the just transition definition used in the TPT guidance, as the process of “anticipating, assessing, and addressing the social risks and opportunities of the transition to a low-GHG emissions and climate-resilient development, as well as ensuring meaningful dialogue and participation for impacted groups (including workers, communities, supply chains, and consumers) in transition planning.” In addition to this definition, we have inserted an optional, leadership priority action focused on system transformation. This addition is to **acknowledge** that climate change is deeply intertwined with the destabilisation and degradation of various systems including finance, energy, food and agriculture, nature, digital, urban, and social. The UNFCCC’s Global Stocktake concluded in 2023 showed that a set of seven system set of **seven system transformations** are urgently needed to get progress on track, including a transformation of energy, cities, land use, and finance.

The just transition criteria deployed in the mapping thus focuses on **four key stakeholder groups and four just transition priority actions**.



## Understanding the key stakeholder groups

- **Workers** – the transition will inevitably impact workers, as employment profiles and the skills required for different jobs are expected to change rapidly. For example, jobs will be lost in sectors like coal and thermal power, while new jobs will be created in clean energy and related sectors. However, communities and labour displaced by the phasing out of coal may find it hard to relocate. As a result, the creation of jobs may not be where jobs and livelihoods are lost. The transition must be managed carefully to avoid large number of stranded workers and communities.
- **Suppliers** – the climate transition in one location will have global implications across the value chain given the global nature of today's economy. Entities should support suppliers in taking account of social impact on the path to net zero, strengthening local supply chains, and applying labour, human rights and environmental due diligence along the supply chain.
- **Communities** – entities should understand the spillover effects of their transition plans for communities, respecting rights around impacts and involvement, and focusing on vulnerability. For example, this includes respecting land and community rights in the development of new infrastructure with particular emphasis on land-based communities and Indigenous peoples' rights, as well as enabling innovations such as community energy.
- **Consumers** – solutions addressing climate change must be conceived in a way that provides universal access to sustainable goods and services at affordable prices. As such, consumers and specifically low-income groups within the broader consumer base should have adequate access to products that are not only sustainable but also affordable, including through financial services.<sup>3</sup>

3) For more, see Finance for Tomorrow Stakeholders in the Just Transition: Consumers (2020)

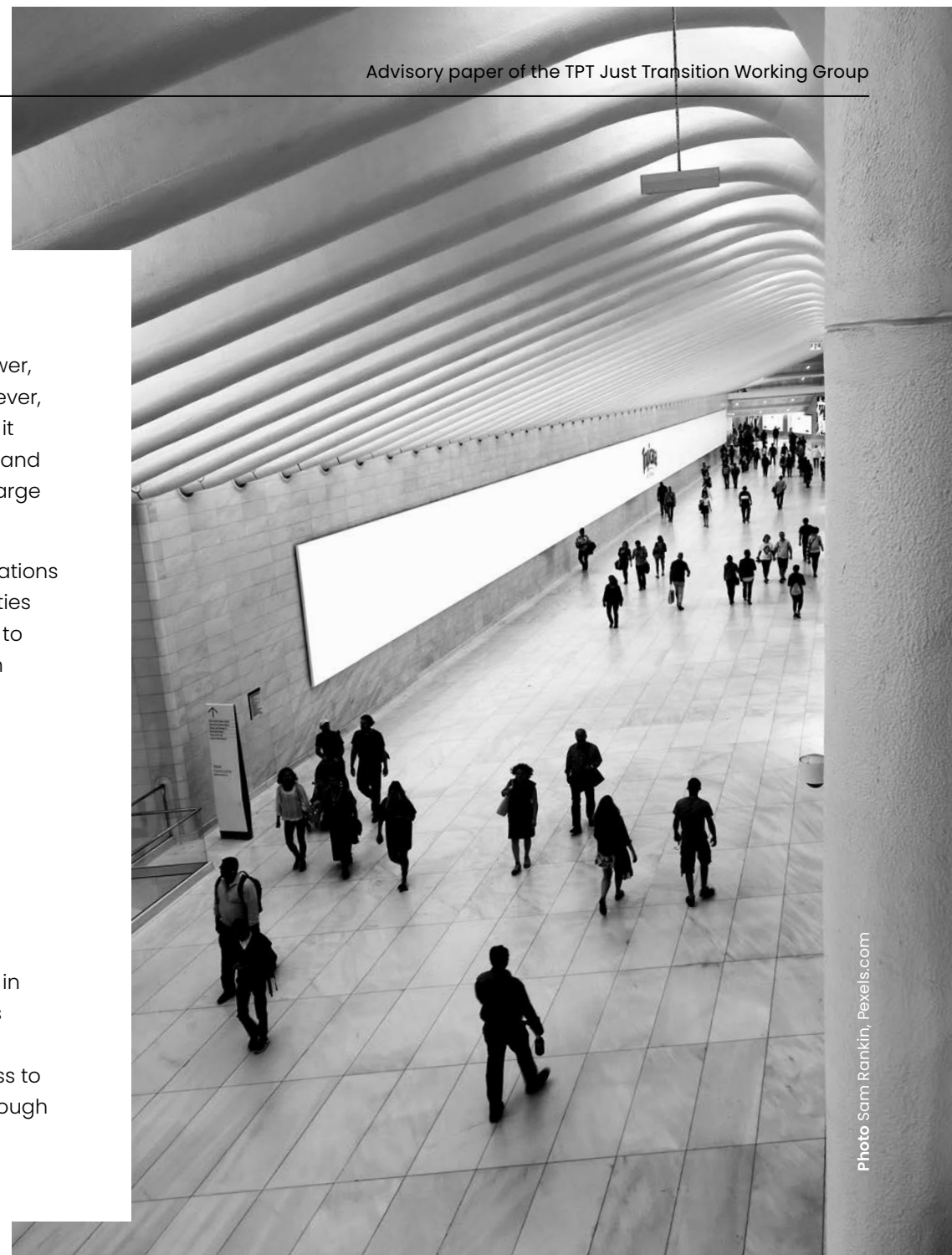


Photo Sam Rankin, Pexels.com

## Understanding the just transition priority actions

- **Anticipate, assess, and minimise the social risks of the transition**
  - the just transition is about understanding and acting on the distributional implications of net zero for people. Climate transition plans should be designed to ensure that the costs and benefits are allocated fairly, particularly so that vulnerable and marginalised communities do not bear the burden of change.
- **Identify, enable, and maximise opportunities and benefits of the transition** – the transition can also be shaped to deliver positive social impacts for workers, communities and consumers. Transition plans should explore how organisations can seize the social opportunities of net zero, for example, to create green jobs with decent work, to eradicate energy and fuel poverty, and reduce longstanding inequalities (for example, around income, gender and race).
- **Ensure meaningful participation and dialogue in planning and execution** – the just transition is a process as well as an outcome, with a focus on procedural justice that means that climate transition plans should support social dialogue with workers, communities, suppliers, and consumers and the participation of other affected stakeholders. This should include proactive efforts to empower excluded groups. Financial institutions must also ensure they are lending to and investing in companies that are pursuing an inclusive approach.
- **Optional leadership action: pursue system-level transformation** – ultimately, the just transition at a global, systemic scale requires fundamental restructuring of systems that have created the crises of social inequality and ecological breakdown, and for entities to rethink and transform their business models. To reflect the latest evolution of just transition thinking, we include this fourth, optional leadership action criteria to encourage actors in transition planning, particularly policymakers, to account for this consideration in their decision-making that can affect private actors to contribute towards this transformation at an entity-, portfolio, and/or project-level.<sup>4</sup>



Photo Jason Blackeye, Unsplash.com

4) For more information, see Just Transitions Dialogue: Exploring the Need for International Rules Based on Local Realities (**Wilton Park and Institute for Human Rights and Business**) and LSE Grantham Research Institute for Climate and the Environment, **Launch Reporting of the Just Transition Finance Lab**

## Mapping methodology

In extrapolating, analysing, and consolidating the list of indicative metrics that are useful for issuers and users, we followed a three-step approach.

First, we identified the structural elements within each of the disclosure regulations or guidance, including the types of quantitative and qualitative disclosures, the scope of issuer entities, and the main aim of the guidance/regulation. Second, we categorized the structural elements. This includes extrapolating key words of each required disclosure item, and categorising their relevance to the four priority just transition actions and/or four stakeholder groups. Third and lastly, we matched these categorised structural elements

to the just transition criteria and produced a compendium of just transition metrics (see sheet 2 "Just Transition Metrics") at the cross-section of each key stakeholder group and each priority action.

For example, the European Sustainability Reporting Standards disclosure requirement S1-1 (policies related to own workforce) requires the disclosure of "policies to manage material impacts, risks and opportunities related to its own workforce." In the mapping, this would be categorised as a qualitative disclosure pertaining to the just transition priority action of "anticipating, assessing, and minimising the social risks of the transition" for the stakeholder group "workers."



## What does the mapping tell us?

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An analysis derived from the accompanying technical mapping shows that existing frameworks put different emphasis and prioritisation across the stakeholder groups and priority actions. This heatmap on the next page illustrates this distribution across the 13 frameworks. The numbers in each cell are the aggregate quantity of just transition relevant metrics each framework has dedicated to a specific stakeholder group under each priority action. The shading in each cell reflects this, where darker shades show a higher number

of disclosure requirements at the crossover of the stakeholder group/priority action. Importantly, it is important to acknowledge that this heatmap is not a critique, but a recognition of the different actions and prioritisation that are needed to address place-based concerns in specific geographies. However, it should offer insights for those engaged in transition planning that a more equitable distribution of the disclosure requirements could help to ensure entities consider just transition factors more holistically in their transition plans.



## Heatmap of Just Transition Metrics Distribution in Disclosure Frameworks

[illegible]

# Key recommendations for issuers on measuring and disclosing just transition metrics and indicators

The climate transition will be powered by people. If people feel left behind, this poses significant risks in undermining even the best thought-out plans, and introduces significant risks to achieving the UK's – and global – goal of achieving net zero.

- **Issuers – Identify current progress and impacts in just transition:** this report offers the latest thinking on just transition disclosures by looking across various types of frameworks. It should encourage issuers to consider which stage they are at in the just transition journey, and identify where the most material impacts lie along their operations, value chains, and target setting. Doing so would allow for more forward thinking approach for embedding social considerations in transition planning.
- **Issuers – Implement and pilot just transition planning and disclosures:** this report, and its accompanying technical mapping, is a starting point for issuers and users alike to upskill in their just transition planning efforts. More remains to be done in “implementing” the just transition. It requires issuers to be courageous in their efforts to engage and implement just transition efforts across their targets, operations, and governance. Just transition planning is a journey, and while organisations may be on different parts of this evolution, we all have to start somewhere.
- **Users – Engage on just transition planning as a key lever for change:** as real economy changes in regulations incentivise more mitigation and adaptation efforts and decarbonisation plans, just transition should be further elevated to reflect the necessary scale and pace of action. Users, especially investors, have the critical leverage to engage with companies to develop just transition plans and policies in coordination with relevant stakeholders.
- **Standard setters – Integrate just transition considerations in frameworks:** issuers alone cannot shift the dial on just transition disclosures. For standard setters, financial regulators and supervisors, it is important to design and mandate disclosure frameworks that encourage just transition integration.
- **The TPT's model of convening issuers, users, regulators, and standard setters in thematic working groups to provide expert advice should be adapted and modelled in other markets.** Specifically, we hope this resource would be useful for stronger just transition thinking in the International Sustainability Standards Board.

Just transition planning is a journey, and while organisations may be on different parts of this evolution, we all have to start somewhere