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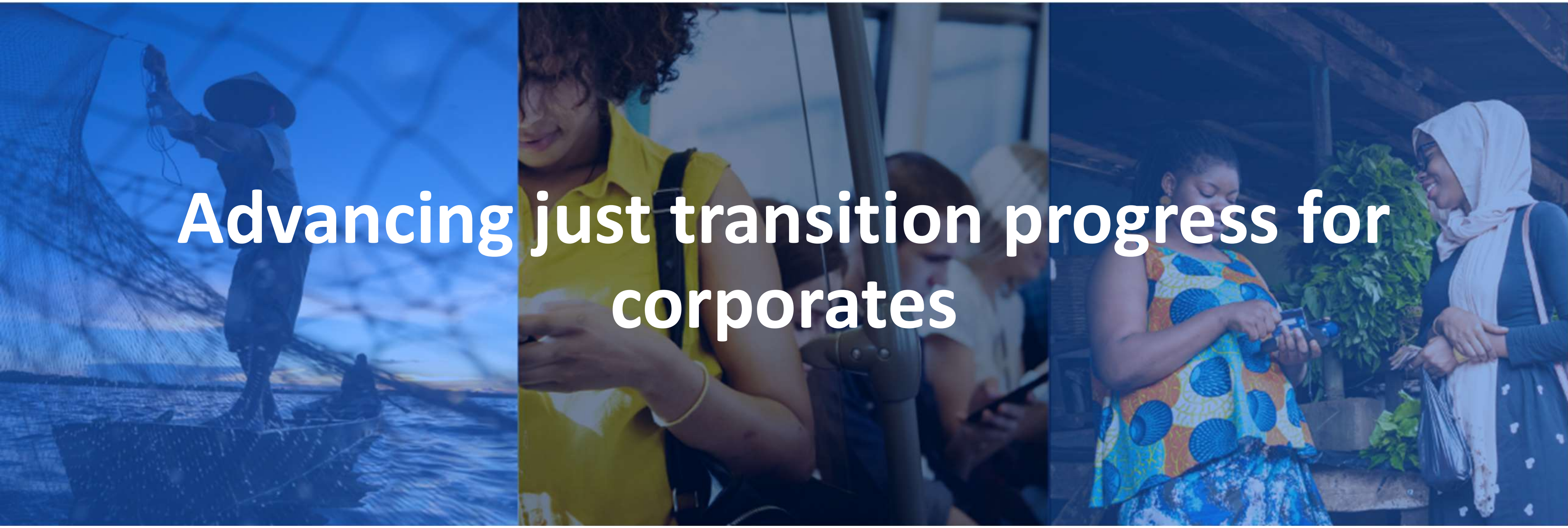

Advancing just transition progress for corporates

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Importance of planning and measuring a just transition

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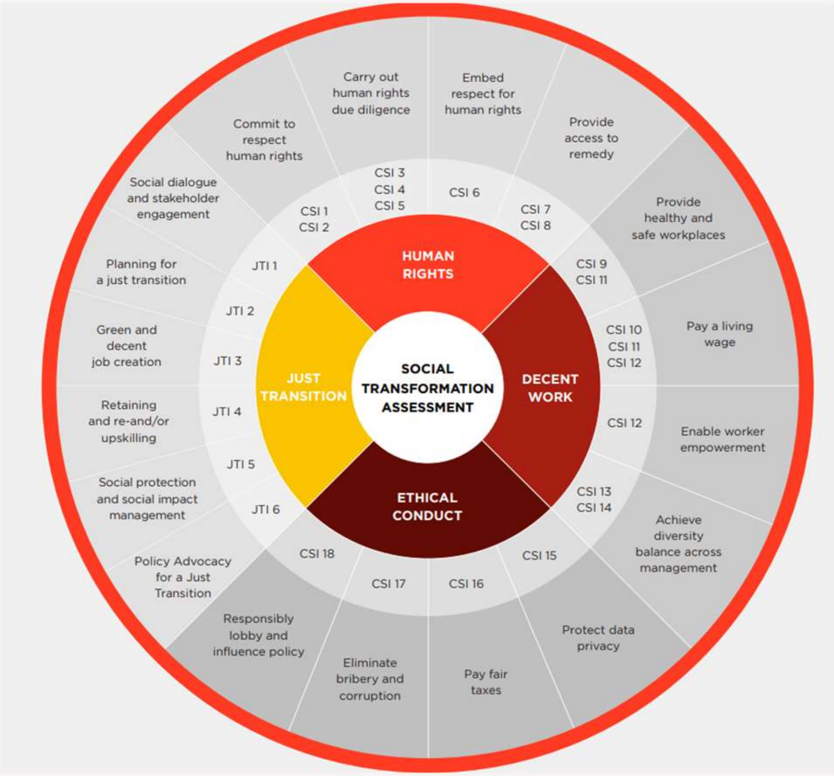
WBA just transition methodology for high-emitting companies

1. Methodology co-developed with ILO, B Team, BSR, Just Transition Centre of ITUC and experts in the field.

2. Six just transition indicators to reflect various dimensions to consider for companies to implement a just transition.

3. The just transition indicators are coupled with core social indicators (CSI) aligning with the UNGP to give a broader social assessment overview.



Findings from WBA just transition methodology

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- Worker welfare is multi-faceted
- More specific findings
  - Emphasis more on green job creation and retaining re and/or upskilling
  - 6% of 308 companies assessed by WBA are partially planning for a just transition.
  - 12% of companies ensure that green and decent jobs embed equality of opportunity for women and vulnerable groups.

Depth of just transition integration	Social dialogue and stakeholder engagement	Planning for a just transition	Green and decent job creation	Retaining and re-and/or upskilling	Social protection and social impact management	Advocacy for policies and regulation supporting a just transition
Companies that meet at least one of four elements	26.4%	6.2%	32.6%	53.7%	7.2%	5.9%
Companies that meet two -three of the four elements	7.2%	2.3%	15%	21.5%	2.9%	1.3%
Companies that meet all four elements	2%	0%	0%	0%	0%	0.3%

Assessing transition plans and just transition in tandem

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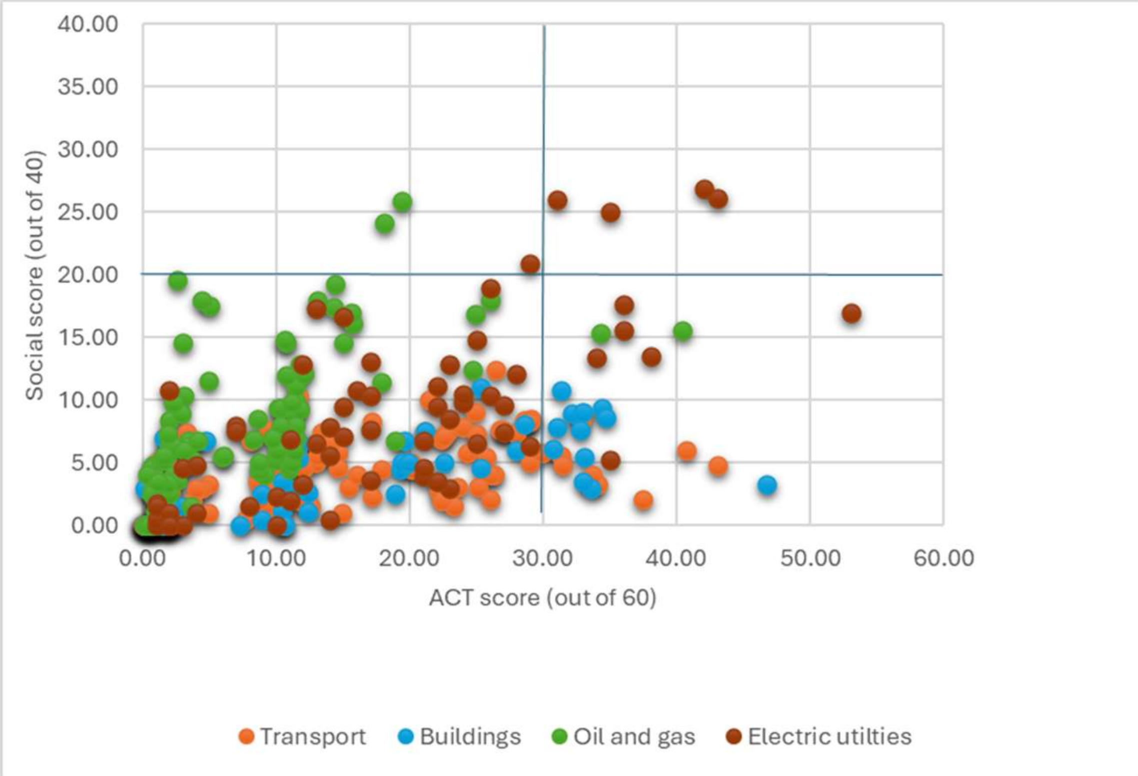
- About 1% of companies perform above average on both their social and ACT (decarbonisation) assessments (all of which are electric utility companies).
- Little to no correlation between a company's decarbonisation and social performance.
- About 10% of companies perform above average on ACT but with a lower-than-average social score, almost half of which are companies in the building sector

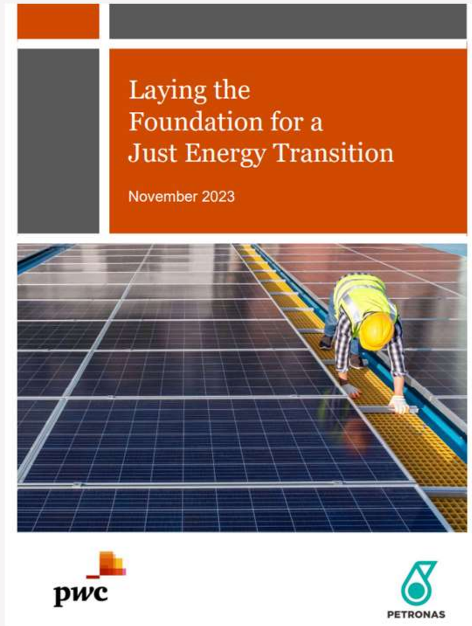


Examples of company good practices on just transition

Social Dialogue	Just Transition Planning	Green and decent job creation	Retaining and re-and/or upskilling	Social protection and social impact management	Advocacy for just transition
Actively working with social partners and local communities when transitioning workers from one industry to another	Working with suppliers, contractors, unions, and employees so that human rights, decent work and just transition principles are being respected across the value chain	Supporting the development of low-carbon activities which will generate local green jobs such as domestic battery manufacturing	Committing to reskill the workforce	Conducting social and human rights impacts assessments across the value chain for the implementation of low-carbon projects (including impacts on local communities)	Collaborating with national and local authorities in the implementation of just transition plans and legislation
Creating citizens' platforms as a means of promoting social dialogue and stakeholder engagement	Setting targets and tracking progress against the company's just transition strategy	Ensuring green transformation plans are tailored to regions affected by labour shifts linked to the low carbon transition	Developing programs for the low-carbon economy such as for e-mobility with support for workers without a formal qualification.	Supporting communities in their transition through community benefit funds and social programs at the local level. Considering the economic needs of local communities	Openly advocating for progressive climate policies and for a just transition
Disclosing stakeholders, the company engages with including local work councils, trade unions and the share of collective bargaining agreements in place for employees throughout the value chain	Devising a just transition strategy that is wide ranging and encompasses various aspects such as green job creation, worker support, domestic supply chain support, community engagement, consumer fairness, policy advocacy, and transparency	Putting targets in place to increase inclusiveness and gender diversity at the management level including for workers with disabilities	Offering educational programs and developing several types of training courses, workshops and qualification programs to support workers and affected stakeholders in the transition	Abiding by fair tax fundamentals and using a framework (for example a social investment framework) to understand how company investments align with just transition	Ensuring trade association memberships is not at odds with climate policy and just transition.

No single just transition pathway

- Just transition will have different social impacts on different types of companies and stakeholders
- Few companies apart from SSE have published a standalone just transition plan
- It is important for companies to link their just transition plans to their decarbonisation plan



Importance of public-private partnerships on just transition

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Spain	Philippines	United States	India	United Kingdom	Australia
Energy (coal)	**Cross-sectoral**	**Cross-sectoral**	**Energy (Coal)**	**Energy (Oil and Gas)**	**Transport (Automotive)**
A core element of Spain's 2019 just transition strategy includes a strong focus on public-private partnerships. In some regions affected by coal power plant closures, additional loans are available for companies that create and maintain employment. Companies must also develop climate action plans with emission reduction strategies every five years.	Through its 2016 Green Jobs Act, the Philippines put an important focus on just transition and enterprise development and skills. In practice this means several financial incentives were made available to businesses, in particular MSMEs to create green jobs, new training, and adopt clean technologies. While the pandemic has somewhat slowed the momentum of the law, the Climate Change Commission is expected to release by the end of 2023 new standards for green job creation.	As part of its Inflation Reduction Act (IRA), the United States provided close to USD 400 billion in clean energy incentives to companies, many of which are conditional on just transition principles. These include for example requirements for companies to pay prevailing wages, use registered apprenticeship programs and the establishment of projects in communities previously dependent on fossil fuels.	In India, public-private sector collaboration and the Skills Council for Green Jobs play a crucial role in spurring green job creation and supporting training and certification programs for various clean energy solutions.	Companies, workers and the government collaborated with each other to develop an Energy Skills Passport which will be released in late 2023. This passport can play an important role to assist offshore oil and gas workers in acquiring transferable skills to find work in the offshore renewables sector.	With the closure of its car manufacturing industry in 2017, companies affected were supported through transition centres at previous manufacturing facilities. This helped companies in providing career guidance and retraining for deployment of former employees.

WBA Just Transition working group

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- 20+ multi-stakeholder coalition (NGOs/think tanks, union, IOs etc)
- Overarching aim is to integrate just transition into standards/policy making processes to support corporate action on JT
- Past focus
  - G20
  - Workshop Bonn on NDCs
- Current focus
  - Better integration of just transition in sustainability reporting

Contextual factors (non-exhaustive)

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What is the type of transition underway?	• Technology replacement (ex green steel) • Wider industry phase-out
What are the sector specificities to the transition in the given context the company operates?	• Most studies/modelling to date is ex-ante • Cross-sectoral aspects to consider (ex: heavy industry-buildings)
How do company efforts on JT link to national planning (NDC, LTS etc)?	• Companies may not disclose much but operate in country with robust JT mechanisms (ex: Spain)
What is the level of value chain integration?	• Companies vertically integrated may find it easier to engage with suppliers (O&G BM WBA)

Contextual factors (non-exhaustive)

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How do company characteristics affect JT?

- SOEs for ex may be more amenable to change if clear mandate from government on JT yet disclosure is low

What is the regional distribution of company assets?

- Companies may have more robust JT processes in main markets in which they operate but not necessarily throughout their value chain
- Rise in JT related litigation for corporates

What factors affect just transition related costs?

- Reclamation, repurposing, decommissioning, community resilience, labour support and planning and governance amongst others will affect JT costs