

## Collective Action: Empowering Capital Mobilisation to Support a Just Transition

Private sector accountability is crucial in the need to drive decarbonisation in a just and equitable way. High emitting sectors are crucial in the drive towards a green economy. WBA data shows a significant gap in integrating social and climate ambitions. If we are to deliver on a resilient and sustainable future, there is a significant step up in ambition needed.

The 'S' in ESG is currently being called upon as the lagging factor on which we need to make progress. Most stakeholders agree on transition pathways and the steps needed to decarbonise to meet Paris. Yet, making sure this is done in a way that leaves no one behind - is falling behind. WBA data and other work shows the gaps in performance toward a Just Transition.

- The Just Transition can be used as a tool to action ESG.
- The siloed work between climate and social will no longer hold up. Actioning the Just Transition is a key way to protect people + planet.
- **The financial eco-system has individual influence points and is at the same time interlinked.** If change is going to take place, we need to start from an eco-system view of all actors.
- **Companies themselves are the ones being enabled by the financial eco-system.** Companies are at the centre of accountability to the Just Transition, **but financing the Just Transition is needed for progress to happen.** Financial actors also facilitate action the Just Transition via their stewardship and engagement.

### Project Background

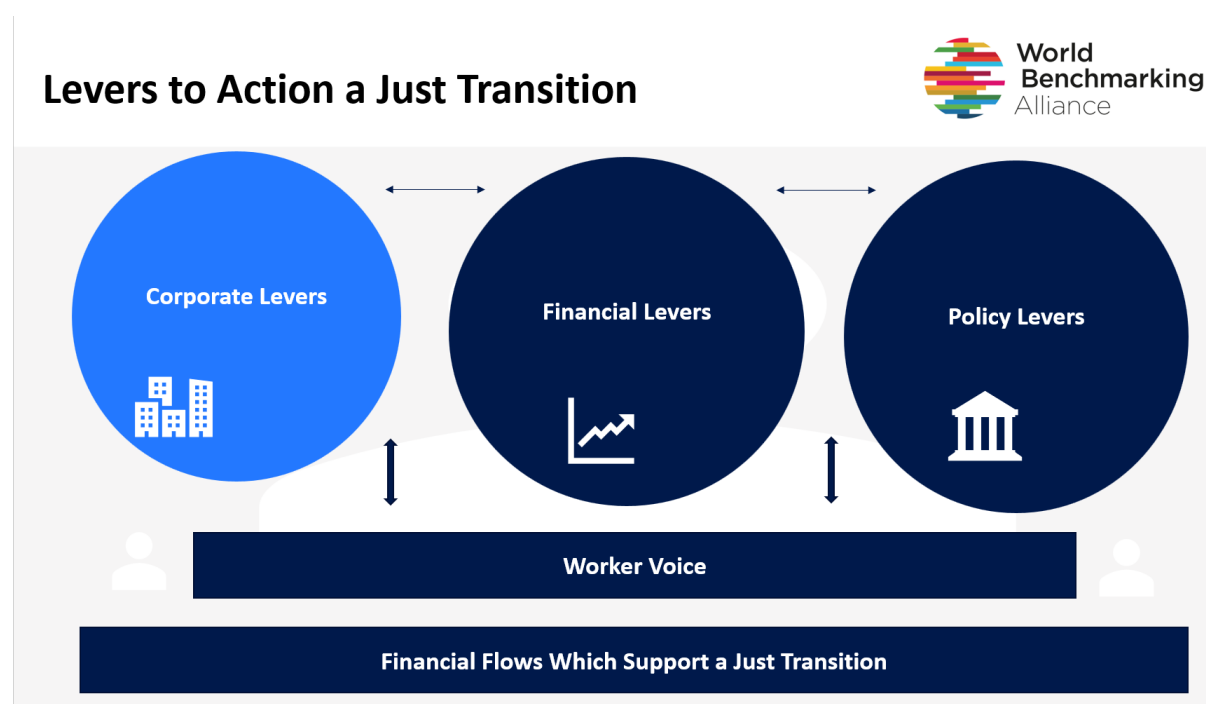
During the Allies Assembly in Cape Town, the World Benchmarking Alliance's Just Transition team, along with Africa Investor, organised a consultative workshop to discuss actionable outcomes for individual stakeholders and as a collective to equip and empower capital mobilisation to support the Just Transition. We explored the different levers that each stakeholder has at hand to support the Just Transition and explored the interconnection of the levers. The overall goal was to define the start of a roadmap for collective action to capital mobilisation + The Just Transition.

**The active workshop with 40 participants served as a first consultation towards a framework which will contribute to unlocking capital for the Just Transition.** We concluded that there is a need to build an ecosystem perspective of unlocking capital, through a Just Transition Finance Framework. A smaller working group will continue to work on this in the run up to COP27.

WBA hosted collective actions which feed into the framework are the ongoing [Just Transition Assessments](#) as well as a collective impact coalition on the topic. The first action has been a [collective investor letter to Oil & Gas companies](#) calling on better performance for the Just Transition.

## Framework on stakeholder levers

The WBA Just Transition team used existing resources on the Just Transition to build a map of current and *potential* stakeholder actions to support a Just Transition. These actions were labelled as levers and attributed to the following categories: policy/regulatory; corporate actors; financial actors.



## Levers : Corporate Action Breakdown



**Resources:** WBA (*Just Transition Methodology*), LSE/Grantham (*Investor Expectations*), B Team and the Just Transition Centre (*Just Transition: A Business Guide*), BSR (*Climate and the Just*)

*Transition: Business Case for Action*), Council for Inclusive Capitalism (*Achieving a Just Energy Transition: A Framework for Company Action*)

## Levers : Policy Action Breakdown



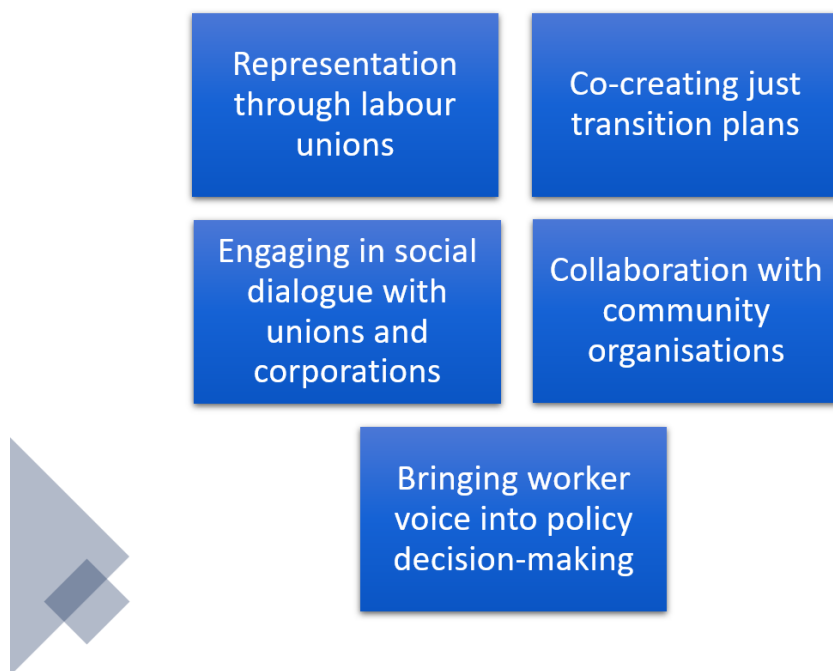
**Resources:** LSE/Grantham (*Just Zero Recommendations*), Council for Inclusive Capitalism (*Achieving a Just Energy Transition: A Framework for Company Action*)

## Levers : Financial Action Breakdown



**Resources:** LSE/Grantham (*Just Zero Recommendations*), TIPS (*Trade and Industrial Policy Strategies*), IHRB, Clifford Chance and CDC Group (*White Paper on Just Transition in Banking Sector*)

## Informing Each Lever: Worker Voice



**Resources:** WBA (*Just Transition Methodology*)

### Project Purpose + Aims

Overarching aim: To build a **Just Transition Finance Framework** leading to COP27. To leverage both domestic, institutional, and international capital towards a Just Transition

These elements currently work too much in isolation and need to come together in a framework to truly unlock the capital. Different financial instruments and investment vehicles also need to be defined in terms of their potential ability to contribute to Just Transition finance, such as direct project investments, investing in public markets, in energy companies themselves, blended finance etc. Debt issuance and lending criteria for Just Transactions may also be defined.

As an underpinning to unlocking finance, an ecosystem perspective (outlined in part above in levers) need to be incorporated in the financial framework, as we know that the financial system both influences and is influenced by the behaviours of other ecosystem parts.

The purpose of the project is to, for the first time, define an eco-system relevant framework that can be actioned by diverse stakeholder groups to finance the Just Transition.

## Expected deliverables

### 1) A Multi-element framework on Just Transition Finance

#### Main components

- A narrative explanation of Just Transition, building on existing work from WBA and other stakeholders
- A model outlining the eco-system of actors currently needed to action the Just Transition (building on levers mentioned above)
- An outline of financial actors, instruments and vehicles which effect the Just Transition
  - Including elaboration on portfolio impacts on the Just Transition + engagement/decision options in order to action the Just Transition
  - Elaboration on the interconnections between actors
- A set of tools for investors + banks to action the framework – such as JT terms; a JT assessment questions; JT engagement questions; due diligence assessment tools to evaluate performance on the JT

#### Timeline

- **Summer 2022:** Organise a core group + agree on deliverables
  - Prep for framework: theory needing to be incorporated; list of existing frameworks to build off of etc.
- **September 2022:** Develop draft framework (sprint style)
  - Allocate sub sections for review to different leads
- **October 1-15 2022:** Consultations on draft framework
- **October 15-Nov 1:** Finalise before COP 27

#### Roles + contributors

##### Core review group

TIPS; BTeam; Anglo American; World circular economy network; NBI; Convergence; Sasol; Standard Bank; Africa Climate Foundation; NinetyOne; Grantham Research Institute

##### Resource appendix: work referenced in future rational + in lever map

<https://www.lse.ac.uk/granthaminstitute/investing-in-a-just-transition-global-project/>  
<http://www.lse.ac.uk/granthaminstitute/news/why-financing-a-just-transition-is-the-next-frontier-in-responsible-investing/>  
<https://www.unpri.org/inevitable-policy-response/why-a-just-transition-is-crucial-for-effective-climate-action/4785.article>  
<http://www.lse.ac.uk/granthaminstitute/news/the-just-transition-the-emerging-agenda-for-europes-investors/>  
<https://www.worldbenchmarkingalliance.org/research/2021-just-transition-assessment/>

<https://www.inclusivecapitalism.com/just-energy-transition-company-framework/>