INVESTORS AND JUST TRANSITION

JUST TRANSITION AWARENESS GRID

THE INVESTORS FOR A JUST TRANSITION COALITION

INVESTORS FOR A JUST TRANSITION

INSTITUT DE LA FINANCE DURABLE
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TABLE DES MATIÈRES

ABSTRACT

Climate change, and the policies implemented to address it, have major social implications, particularly on population health, workers' employment, business productivity and wealth distribution. The ecological and environmental transition must take these dimensions into account so as to be acceptable to all.

In this context, the concept of a **just transition** attempts to optimise integration of the social risks and opportunities associated with the transition to a low-carbon world. This requires social dialogue with all stakeholders: **workers, consumers, customers, local communities, companies and governments.** This dimension of the transition has gained prominence since the Paris Agreement, particularly with the work undertaken by the International Labour Organization, the World Benchmarking Alliance and, more recently, with the creation of the European Union's Mechanism for a Just Transition.

However, despite promising progress, **the implementation of a just transition requires a more harmonised analysis framework, to enable the emergence of methodologies that can be used by companies and investors**. This framework would allow investments to be directed towards activities that promote the implementation of a more socially just environmental transition.

This is the goal set by the global coalition **Investors for a Just Transition, launched in June 2021 and supported by France's Institute for Sustainable Finance.** It brings together many managers and asset owners from the financial ecosystem of the Paris financial centre[1]. This coalition, through regular dialogue with companies, seeks to encourage them to better integrate aspects of the just transition into their environmental strategy.

Since its creation, the Coalition's secretariat has been housed within the Institut de la Finance Durable, which coordinates the working group and supports investors in defining their objectives on Just Transition. Through this initiative, the IFD has coordinated the actions of Coalition members, providing support in contacting and engaging with companies. The Institute also contributed to the consolidation of the Just Transition awareness grid.

In recent years, the coalition members have organised themselves into **four working groups** based on the four priority business sectors of **agri-food**, **energy production**, **transport** and **building/construction**. Around 15 companies from each sector were contacted by the Coalition and, following an initial engagement phase, several observations can be made:

→ **The just transition is a concept that remains little known, rarely used and often misused.** While some players, particularly in the energy and automotive sectors, have already begun considering the just transition, the vast majority of the companies contacted are at a preliminary stage in their reflections.

1 The Coalition comprises: Amiral Gestion, Amundi, AXA IM, BFT IM, La Caisse des Dépôts, Covéa Finance, CNP Assurances, La Financière de l'Echiquier, LPB AM, ODDO BHF, Rothschild & Co AM, Scor Investment Partners, and Société Générale Private Banking

→ **Many initiatives discussed with companies do not form part of an overarching approach to the just transition and most often remain isolated and fragmented in terms of scope.** No comprehensive, coherent strategy yet exists covering the entire value chain (subcontractors, suppliers, etc.). For example, human rights issues are still dealt with superficially in the rare minerals mining sector.

→ **Communication on actions related to the just transition remains limited and not widely covered by existing reporting standards**.

These discussions revealed that **the level of maturity of the reflections was not yet sufficient to engage the companies approached**.

In this report, we favour **an awareness-raising approach** that should make it possible to improve understanding of multi-dimensional issues and structure the theme within companies.

To meet these challenges, **the Coalition has developed an awareness-raising grid** made up of **16 indicators** containing the main recommendations resulting from the discussions already carried out, divided into four categories:

1. **Transparent planning of the Just Transition strategy**
2. **Involvement of stakeholders**
3. **Employment and training**
4. **Consumers**

Responses to this grid automatically calculate a progress report for information purposes (score out of 10) to obtain a very concise view of the company's readiness for the just transition. The members of the Just Transition Coalition hope that the introduction of this awareness grid will mark a significant step towards a more complete integration of social, environmental and governance aspects into corporate practices.

The Coalition's objective is to broaden the scope of engagement within each sector group, to continue raising awareness among the players least developed on this theme and to support companies in defining more specific strategies and objectives.

INTRODUCTION

Emerging from a pandemic that has led to major social consequences, including a significant increase in inequality, governments must now step up actions to manage the ecological crisis, particularly regarding climate change and biodiversity loss.

Climate change represents a major threat that compels the economic world and financial institutions to swiftly initiate major transformations within their organisational structures. The public sector's consideration of the social risks and opportunities associated with the ecological transition will not be enough.

In this context, the financial sector can play a role in promoting an ecological transition that leaves no one behind[2], by encouraging companies to adopt strategies dedicated to the challenges of a just transition.

Rising temperatures are leading to a major increase in socio-economic risks: extreme weather events, extinction of animal species, access to water under threat, food insecurity, spread of diseases, etc[3]. Among the anticipated effects, several alarming figures can be highlighted[4].

→ **18%:** Proportion of terrestrial species exposed to a high risk of extinction in a 2-degree warming scenario;

→ **8%:** Proportion of currently arable land that will be unsuitable for cultivation by 2100 in the event of a 1.5-degree warming, even as the world population grows rapidly;

→ **3.3 billion to 3.6 billion:** People currently living in contexts highly vulnerable to climate change;

→ **4:** Multiple of increase in extreme weather events in the event of a 1.5-degree warming;

→ **5:** Multiple of increase in extreme weather events in the event of a 3-degree warming.

→ This document is the result of a two-year collective effort. The challenges of the Just Transition are thus presented initially through an inventory of existing definitions and initiatives.

→ The challenges of the four sectors prioritised by the Coalition are then described in a second part that also includes an assessment of the Coalition's actions.

→ Lastly, the levers of the financial sector are the subject of a third and final section comprising, firstly, a series of recommendations made by the Coalition for better consideration of the just transition by investors and, secondly, an awareness grid to facilitate their shareholder engagement actions.

2 UNSDG Leave No One Behind

3 Key climate figures: France, Europe and the World. "The warming of the last decade (2011-2020) is 1.1°C compared to the pre-industrial era."

4 IPCC, Climate Change 2022: Impacts, Adaptation and Vulnerability, 2022

The Investors for a Just Transition Coalition

The Investors for a Just Transition Coalition brings together 13 asset managers and owners[5] aiming to proactively address the implications of a Just Transition at the level of companies and their stakeholders.

Since its creation, the Coalition's secretariat has been housed within the **Institut de la Finance Durable**, which coordinates the working group and helps investors in defining their objectives on Just Transition. Through this initiative, the IFD has coordinated the actions of Coalition members, providing support in contacting and engaging with companies. The Institute also contributed to the consolidation of the Just Transition awareness grid.

With the aim of going beyond the separate integration of environmental and social risks and opportunities into investment portfolios, the Coalition has set itself the objective of taking stock of companies' just transition practices, by examining and analysing their various communications. Through this initiative, the Coalition members are engaged in a collective search for operational solutions to this challenge, fostering the emergence of good practices within the private sector.

Faced with the need to transform their business models, companies and their stakeholders are called upon to reconcile climate, social and economic imperatives in a holistic approach essential to the success of the transition.

Since its creation in 2021, the Coalition has been structured around four sectoral working groups in which the various members share their expertise in order to jointly build a framework for analysis and discussion with companies. Given the nature of their activities, it appears that certain sectors already need to anticipate and meet the requirements of a just transition:

The agri-food sector

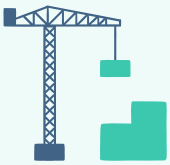
and its land-use activities account for around 22% of global greenhouse gas emissions;

The energy sector,

due to its electricity and heat production activities, is the main contributor to global warming, with 34% of global greenhouse gas emissions;

The transport sector

accounts for 15% of global greenhouse gas emissions[6];



The building and construction sector

is responsible for 21% of global greenhouse gas emissions[7].

The investors involved in the four sector working groups have organised themselves by enhancing their knowledge of the Just Transition concept and engaging with companies in the four aforementioned sectors.

This dialogue took the form of bilateral discussions with willing companies and made it possible to assess their maturity in terms of integrating the issues relating to a Just Transition into their models. This collaboration has also made it possible to combine experiences and best practices in order to position the financial sector in a continuous improvement process.

5 In 2024, the Investors for a Just Transition Coalition consists of AXA IM, Covéa Finance, Société Générale Private Banking, La Caisse des Dépôts, CNP Assurance, Crédit Mutuel AM, LBP AM, Rothschild & Co Asset Management, Amundi, Amiral Gestion, ODDO BHF, SCOR IP, BFT IM

6 IPCC, 2022

7 UN, Global Status Report for Buildings and Construction, 2024
IPCC, *Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Mitigation of Climate Change*

1. JUST TRANSITION: DEFINITIONS AND INITIATIVES

1.1 WHAT IS JUST TRANSITION?

The term Just Transition was first used in the early 1980s by US unions and activists[8]. The original aim was to advocate for a support programme for workers made redundant due to new environmental regulations. The concept of Just Transition then gained popularity over the decades, being interpreted in multiple ways by researchers and governments, until it was recognised globally at COP 21 in 2015.

The Just Transition concept is defined here as a transition to a low-carbon economy that includes measures (i) aimed at ensuring the future opportunities of workers, their families and the communities impacted by this transition, and (ii) based mainly on social dialogue between the various stakeholders (workers, vulnerable communities, companies, governments)[9][10].

Although the definitions vary, they are still based on the principle of achieving climate objectives that, firstly, **ensures a fair distribution and sharing of efforts and benefits between stakeholders, and, secondly, limits any social damage: job losses, increase in inequalities (between and within countries) and poverty, exodus from certain affected geographical areas, etc.**

The need for a Just Transition comes in a context where the 10% of households with the highest per capita emissions account for 34-45% of global emissions, while the 50% of households with the lowest per capita emissions contribute only 13-15%[11] and will nevertheless be the most affected. For instance, the transition from internal combustion engine cars to electric cars, the upgrade of energy-inefficient buildings to more sustainable ones and, more generally, the shift from fossil fuels to renewable energies are all changes that need to be implemented as inclusively as possible.

8 OECD "Just Transition: A Report for the OECD", 2017

9 International Labour Organisation "Guidelines for a just transition towards environmentally sustainable economies and societies for all" 2015

10 De Ruyter, A., & All "Enabling a Just Transition in Automotive: Evidence from the West Midlands and South Australia", 2022

11 Climat.be "IPCC synthesis report", 2023

The Grantham Research Institute at the London School of Economics, which recently launched the Just Transition Finance Lab[12], presented the main groups affected by the environmental transition[13]:

- **Workers;**
- **Suppliers;**
- **Communities;**
- **Consumers.**

The Coalition for a Just Transition's reflections and its discussions with companies are structured around these various stakeholders.

1.2 ASSESSMENT OF EXISTING REGULATIONS AND INITIATIVES FOR JUST TRANSITION

In recent years, the concept of just transition has gained ground on the international stage. In its preamble, **the Paris Agreement** calls for "Taking into account the imperatives of a just transition"[14] for workers by creating decent and high-quality jobs in line with national priorities. Also in 2015, **the International Labour Organization**[15] proposed a framework for reflection to help States ensure social protection while implementing their ecological transition. Since then, the **IPCC**[16] has defined 11 common elements for a just transition. This recognition was confirmed more recently through the Just Transition work programme established at COP 25 in Abu Dhabi[17].

In Europe, the **Green Deal for Europe**[18], the European Commission's environmental roadmap, has incorporated this notion of just transition through the creation of the **Just Transition Mechanism (JTM)**[19]. This harnesses considerable financial resources (€55 billion over the period 2021-2027) to support the regions most affected by the climate transition, particularly by retraining workers, modernising infrastructure and economic diversification. The JTM is a good example of the European Union's proactive approach to ensuring that the transition to a climate-neutral economy takes place fairly, without leaving anyone behind. The key texts of European regulations on the climate transition also take into account the principles of the just transition by requiring that the EU's economic activities comply with international standards on social, human and labour rights (**Corporate Sustainability Due Diligence Directive** (CSDDD)[20], **Sustainable Finance Disclosure Regulation** (SFDR)[21]and the **EU Taxonomy**[22]).

12 Just Transition Finance Lab

13 Grantham Research Institute on Climate Change and the Environment "What is the just transition and what does it mean for climate action?", 2024

14 United Nations "Paris Agreement", 2015

15 ILO, Guidelines for a just transition towards environmentally sustainable economies and societies for all

16 IPCC

17 UNFCCC "UAE Just Transition work programme", 2023

18 European Commission, Le pacte vert pour l'Europe

19 European Commission, The Just Transition Mechanism

20 European Commission, Corporate Sustainability Due Diligence

21 European Commission, SFDR

22 European Commission, EU taxonomy for sustainable activities

Complementary European programmes propose more specific approaches to support coal regions in their transition to more sustainable sources of energy (**Coal Regions in Transition Initiative**[23]) or to share best practices and promote just transition policies at local and regional level (**Community Platform for a Just Transition**[24]).

As a result of the development of these frameworks and mechanisms, more and more governments are incorporating just transition principles into their short- and long-term climate plans (known, respectively, as Nationally Determined Contributions, or NDCs, and Long-Term Strategies or LTS). According to a UNDP report, Just Transition principles are now found in 38% of NDCs and 56% of LTSs, as well as in a growing number of leading global initiatives[25].

In France, for example, the **National Low-Carbon Strategy (SNBC – *Stratégie Nationale Bas-Carbone*)**[26] promotes retraining to allow workers from traditional sectors to move into more sustainable jobs, particularly in renewable energy and energy efficiency. France's **Climate and Resilience Act**[27] of 2021 also includes specific provisions to ensure the just transition (minimum provisions to support workers in sectors affected by the transition).

These efforts are reinforced by complementary initiatives at international level, which include monitoring indicators for companies and investors:

→ **World Benchmarking Alliance (WBA)**[28]: assessment of companies' practices in protecting workers' and local communities' rights.

→ **Business for Inclusive Growth (B4IG)**[29]: formalisation of 13 indicators to promote the just transition in business development.

→ **Climate Action 100+**[30]: creation of an assessment framework to rank companies on their climate commitments, including the just transition.

→ **Council for Inclusive Capitalism**[31]**:** formalisation of four pillars of the just transition for the energy sector, via the WBA and Climate Action 100+ methodologies.

→ **Just Transition Finance Lab** at the London School of Economics[32]: development of innovative financial tools to ensure that transitions to low-carbon economies benefit all segments of society.

23 Initiative for Coal Regions in Transition in the EU – Climate Strategies

24 https://ec.europa.eu/regional_policy/funding/just-transition-fund/just-transition-platform_en?etrans=frJust Transition Platform

25 PNUD, Qu'est-ce que la transition juste ? Et pourquoi est-ce important ?, 2022

26 Ministry for the Ecological Transition, SNBC p14

27 Loi Climat et Resilience, 2021

28 World Benchmarking Alliance, Just Transition Assessment, 2021

29 B4IG, Just Transition Indicators, 2023

30 Climate Action 100+, Net Zero Company Benchmark 2.0, 2023

31 Council for Inclusive Capitalism, Just Transition Framework for company action

32 Grantham Research Institute on Climate Change and the Environment, Financing a Just Transition

2. SPECIFIC SECTOR CONSIDERATIONS

2.1 AGRI-FOOD SECTOR[33]

A significant factor in climate change and biodiversity loss, the food system is responsible for 37% of global greenhouse gas emissions when considering all the steps separating the «field» from the «consumer's plate»[34 35]. **The agri-food sector therefore has a key role to play in achieving the objectives of the Paris Agreement, as well as the Kumming-Montréal Framework, aimed at halting the decline in biodiversity by 2030.** Intensive agriculture contributes to the degradation of ecosystems, particularly through the use of pesticides and nutrients. It is therefore necessary to move away from intensive and industrialised production models towards food systems based on agroecology, while at the same time combating waste at all stages of the value chain.

Producers of inputs, agricultural operators and cooperatives, agri-food groups and distribution stakeholders will face a major challenge: to feed nearly ten billion people in sufficient quantity and quality by 2050. This goal must be achieved while at the same time mitigating pressures on natural resources and ecosystem services upon which they depend, and ensuring protection for workers in the sector, who are subject to global competition that threatens jobs. All agri-food players are thus faced with an imperative to transform their models.

PART 1: OBJECTIVES OF A JUST TRANSITION FOR INDUSTRY WORKERS

An agricultural sector in crisis

Jobs in the agri-food sector, and more specifically in agriculture, are facing a **lack of attractiveness for workers,** due to numerous structural pressures, plus exacting environmental and production standards.

33 The agri-food sector should be understood here as encompassing the entire value chain: agricultural production, processing industry and distribution.

34 Greenpeace France, IPCC Report: Transforming our Food System, 2019

35 The European Environment Agency also estimates that 11% of European emissions come from the agricultural sector: Progress and prospects for decarbonisation in the agriculture sector and beyond

Europe's agri-food systems are suffering, first and foremost, from a demographic problem, since the renewal of generations of farmers is far from assured. As such, in the European Union, 90% of farmers approaching retirement age[36] are at risk of not being replaced[37]. Meanwhile, young farmers are poorly represented: 11% of farmers are under the age of 40, of which 1% are under the age of 25[38]. Moreover, the decrease in labour demand made due to the increase in the size of farms does not compensate for this ageing of the agricultural population, raising questions about food dependence and, consequently, sovereignty for Europe. The European Union could have just 7.9 million annual work units in 2030 (vs. 13.1 million in 2003), a decrease of around 1% per year, according to the Commission's projections[39].

The low remuneration of farmers compared to the rest of the economy, the difficulty in accessing land, the lack of seasonal labour, the arduous working conditions and the associated loneliness are all factors that undermine the attractiveness of a sector which, moreover, is subject to fierce international competition.

In addition to these social difficulties, there are the consequences linked to climate change and biodiversity loss. So-called «physical» risks, mainly associated with an increase in the frequency of extreme weather events, such as droughts, floods, hail storms, loss of pollinators and the collapse of biodiversity, have a direct impact on agricultural crops and on farmers' financial returns.

These risks are particularly reinforced by the erosion of biodiversity, with less resilient soils if they are in poor health, particularly in intensive agricultural systems where the use of pesticides and nutrients is encouraged. Agricultural models therefore need to be rethought in order to reinvent how value is produced (agroecology, organic farming, permaculture, etc.) and shared (short supply chains, agricultural cooperatives, joint farming groups, etc.). The transition to a more sustainable agri-food system will also have an impact on employment patterns in the sector, including a reduction in jobs in livestock farming (particularly in cattle herding) and an increase in jobs focused on more sustainable agricultural practices, such as organic market gardening, agroforestry and permaculture[40].

In order to guarantee the sustainability of agricultural jobs and enhance their attractiveness, the main challenge is to prepare for and support the transformation of skills through facilitated programmes for retraining in new agricultural methods. To do this, several conditions must be met: bring forward the initiatives put in place by innovative farmers on the subject, encourage research within specialised institutes (INRA) in order to find alternatives to the most toxic inputs, develop experimental spaces and train people on the subject so that they can in turn pass on their knowledge. This research must be pooled, particularly between private and public stakeholders, in order to improve its efficiency.

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36 Touteleurope.eu, Europe facing the challenge of renewing farmers, 2021

37 In France, 45% of farmers are expected to cease their activities by 2026, according to a study conducted by the Economic, Social and Environmental Council (see CESE, Between passing on and establishing, the future of agriculture!, 2020)

38 European Commission, Young farmers, 2018

39 European Commission, Medium-term projection

40 FAO, Transforming Food and Agriculture to Achieve the SDGs, 2018

All players in the value chain must be involved in the just transition

Farmers will not be able to retrain without the support of stakeholders downstream of the production chain, whose decisions may significantly impact the economic balance of farms. For example, Danone has set up a «budget allowance package» to support some of the dairy farmers supplying the company, after announcing in 2021 the conversion of its Villecomtal-sur-Arros yoghurt plant in Gers to 100% plant-based production by the end of 2023[41]. Some stakeholders have also put in place guaranteed contracts that assure farmers that demand exists and that their production will be sold, setting in advance minimum prices as well as sales volumes. This mechanism, particularly linked to the agricultural transition, supplements other initiatives such as the EGAlim 2 Act of 2021, which aims to better distribute value along the agri-food chain by ensuring in particular that the share of agricultural raw materials in the price of food products is made non-negotiable[42].

Beyond farmers, other activities in the value chain are also affected by climate change. For example, in terms of processors, Tereos, the world's second-largest sugar producer, announced the closure of several of its plants in 2023, including a potato-to-starch processing plant and a sugar factory in northern France. While these closures are part of an industrial reorganisation, one of the causes mentioned is also the decrease in the available volumes of raw materials needed for production, due to poorer harvests, sometimes a direct consequence of climate change.

Lastly, it is important to ensure that agri-food players exercise their duty of care in a spirit of comprehensiveness and transparency, so they can identify, prevent and repair the impacts of their activities on human rights throughout the supply chain. Beyond the risks associated with the equitable management of common goods (e.g. land and water), there is a significant issue regarding respect for workers' rights. Human rights abuses (child labour, lack of decent income, dangerous working conditions, etc.) are indeed frequent in the supply chain of large companies, including European ones, that operate in many countries in West Africa, Latin America and South-East Asia. For example, some companies enter into contracts with farmers that grant them exclusive rights to future crops. This is the case in Vietnam, where 90% of cotton and fresh milk come from contracted production[43]. Contracting can plunge small producers into spirals of debt and jeopardise their food security.

PART 2: OBJECTIVES OF A JUST TRANSITION FOR CONSUMERS

The sustainable transition of the agri-food sector also involves taking into account consumers, as their habits need to evolve to meet the challenges of decarbonisation and the preservation of a healthy natural environment. However, these changes must be accompanied and facilitated, particularly to avoid the choice between preserving purchasing power and protecting the environment.

41 Le Figaro, Farmers sign with Savencia after losing a contract with Danone, 2023

42 Ministry of Agriculture and Food Sovereignty, EGAlim 2 Act

43 CCFD – Terre Solidaire, Vigilance on the Menu, The risks that agro-industry must identify, 2019

Ensuring the affordability of food products, especially for low-income consumers, is therefore crucial to ensuring a just transition of the sector, especially since sustainable diets (organic, local, vegan and vegetarian products, low-calorie foods, etc.) tend to be perceived as more expensive options, which can create inequalities in access. For example, according to a report by the French Senate[44], the rise in quality is likely to reduce the number of households able to consume French products due to excessively high prices. Moreover, while the willingness of Western consumers – particularly the more affluent ones – to pay a «green» surcharge – also known as a «greenium» – seems evident, the same acceptance does not appear to apply to a social premium.

Distributors have a role to play in guiding consumers towards new, greener and healthier options at reasonable prices.

Successful experiments exist

The initiative «Who's the boss?! The consumer brand», supported by mass retailers since 2016, is an interesting example. It enables consumers to regain control of their purchasing actions by deciding on the composition of products on the shelves themselves, and farmers producing them to be remunerated at the fair value of their work. Launched with milk as the first product, in 2022 this approach included around 20 products marketed in four countries around the world. Not only are manufacturing specifications transparent, they are put to a vote by internet users before product launches. Advertising costs are replaced by communication on social media, media outlets and word-of-mouth. The longevity of this cooperative society of collective interest demonstrates that new business models can be developed. This allows consumers to fully participate in the development of a socially just offering. Other initiatives such as Nutriscore, the Yuka app and Too Good to Go also contribute to educating consumers about healthy eating, the challenges of food waste, overconsumption and overproduction. Initiatives led by the authorities can also be explored to address these challenges, such as Social Sécurité Sociale de l'Alimentation[45] in Montpellier and Grenoble, which are currently being piloted to ensure universal access to healthy and quality food.

Innovations must be developed to truly integrate the social dimension into our plates. To do this, consumers must be educated, with the key message that low-priced items usually incorporate a hidden social cost.

44 Senate, Competitiveness: an emergency to turnaround French farms, 2022

45 Collective for Social Security in Food

PART 3: LESSONS FROM THE FIRST PHASE OF ENGAGEMENT OF THE INVESTORS FOR A JUST TRANSITION COALITION

To help address the issue of financing a just transition, the Investors for a Just Transition Coalition intends to take part in the development of investment tools and vehicles. The aim of this report is to draw up an inventory of companies' practices, while the establishment of an analysis chart aims to equip the financial community with a guide that enables it to better direct its investments. Its campaign of collaborative engagement with companies is intended to be constructive, in order to initiate joint reflection and promote good practices.

This past year has enabled the thematic group, in charge of food and agriculture, to interact with a number of stakeholders, mainly downstream of the value chain (manufacturers, distributors). Upstream of the latter, the companies targeted by the collaborative engagement campaign (fertiliser and pesticide producers, seed producers, processors) largely remained unresponsive to outreach efforts and did not follow up on various contacts.

The panel of companies interviewed constitutes a limited sample of players and is not intended to be exhaustive for the time being. Consequently, the practices and feedback that will follow cannot be considered as sector-wide insights, but rather as targeted feedback.

→ The main observation of this engagement phase is to provide reassurance. **The companies downstream of the value chain (manufacturers and distributors) that the Coalition has been able to meet are generally aware of the challenges of a just transition.** With a view to ensuring the sustainability of their supply chains and acting more directly on their offerings, some manufacturers and distributors provide various forms of support to the players at the top of their value chain. Establishing a guaranteed income system, for example, ensures more stable, decent and fair remuneration for farmers and suppliers. It enhances their resilience and economic sustainability, and raises the key question of value distribution. In addition, a growing number of manufacturers and distributors are providing non-financial support to stakeholders in their supply chain, whether it involves equipment or more technical training, such as in agroecology.

→ **Downstream of the value chain, several companies have reported measures to promote local production and thus reduce the distance that products travel.** The use of short supply chains involves rethinking the supply chain in certain sectors, but is generally a win-win process.

→ **On the consumer side, some manufacturers and distributors have reported initiatives aimed at strengthening the importance of "quality" and "sustainability"** factors (organic, vegetarian and vegan offerings, etc.) in purchasing decisions that are primarily driven by the "price" factor. As such, in some cases, "greenium" does not contradict the product's accessibility for consumers, and their purchasing decision can more easily reflect a conviction-driven character. On this point, however, some manufacturers and distributors have mentioned the difficulties inherent in seeking an economic equation, particularly in an inflationary context that complicates the characterisation of demand for such products. In addition, several of our interlocutors expressed regret at the proliferation of labels, which are intended to increase consumer desirability for the most sustainable and responsible products. That said, for reasons of clarity, some expressed confusion over the idea of creating a "just transition" label, or providing consumers with information on

the distribution of the value created (such as each player's margins). **In any event, integrating the challenges of the Just Transition, from field to plate, will require not only political will but also actions to raise awareness among the general public.**

In general, we can argue that the complexity and fragmentation of the agri-food value chain hampers cooperation between stakeholders that maintain both intense and unequal power relations. Although consumers can act as arbiters, it is evident that they represent a diverse mass of aspirations that will need to evolve.

Within the panel of companies surveyed, we were not only able to identify **disparate practices** but above all **differing visions of the just transition among stakeholders.** In any event, **none of the companies we interviewed presented us with a comprehensive and coherent strategy, based on a clear definition and a holistic assessment of the social implications of the ecological transition for all stakeholders.**

The challenge is therefore primarily, for the agri-food industry, to plan the sustainable transition of their business models without neglecting the social aspect, based on a comprehensive mapping of material risks. This should ensure the continuity of their activities in the face of the disruptive nature of climate change, and identify the populations in their value chain likely to be affected, starting with their own employees. In this regard, many job functions and sectors are already undergoing profound changes due to the new climate situation. Companies must therefore engage early on in training their employees, equipping them with skills that will remain valuable in the future. In addition, they can take action on their supply chains, not only to ensure the availability and stability of raw materials prices but also to evolve their offerings (shifting to short supply chains, transitioning to organic, agroecology, etc.). This anticipatory work is intended to unfold over time and evolve alongside climate scenarios.

Next steps:

The Coalition's priorities are now to broaden the scope of engagement, both to meet more downstream companies and by engaging with companies upstream of the value chain (e.g. seed producers). Engagement, which is also collaborative, is a key lever to drive change in corporate practices and ensure that the Just Transition becomes a priority on their agendas.

2.2 ENERGY PRODUCTION SECTOR[46]

A true pillar of the global economy, the energy production sector is central to the ecological transition. As the world's largest emitter of GHG, it is responsible for around 34% of total net emissions[47]. Despite the widespread deployment of renewable energies, emissions linked to energy production and consumption increased by 1.1% in 2023, reaching a new record of 37.4 billion tonnes (Gt)[48].

In this climate emergency, accelerating the energy transition, which relies on both the gradual exit from fossil fuels and the development of renewable energies, is key to achieving climate goals. As electricity production is expected to be fully decarbonised by 2040 as part of the 1.5°C target[49], the sector must undergo far-reaching and very rapid change. **The challenges of the just transition in this sector are therefore particularly critical, particularly in terms of retraining workers and respect for human rights throughout value chains.**

PART 1: OBJECTIVES OF A JUST TRANSITION FOR ENERGY WORKERS

The sector's far-reaching transformation makes retraining plans essential

In a context of an accelerating energy transition, the impacts on employment and workers are emerging as one of the major challenges to address. In 2022, the energy sector employed around 67 million workers worldwide, including 32 million in fossil fuels and 35 million in renewable energies[50].

Since the Covid-19 pandemic, employment in the energy sector has been gradually transforming. Indeed, between 2019 and 2022, employment in the renewable energy sector increased by over 15%, while jobs in fossil fuels declined by 4%[51]. The International Energy Agency (IEA) and the International Renewable Energy Agency (IRENA) believe that the energy transition should create more jobs than those destroyed by the exit from fossil fuels[52]. The IEA forecasts, under current policies, a net gain of 5.7 million jobs by 2030[53] despite the loss of 2.5 million jobs in the fossil fuel sector.

46 Including raw material extraction, refining, and electricity and heat generation

47 IPCC, Climate Change 2023 Synthesis Report

48 IEA, CO2 Emissions in 2023

49 IEA, Net Zero by 2050

50 IEA, World Energy Employment 2023

51 *ibid*, p. 13

52 IRENA, Finding common ground for a just energy transition: Labour and employer perspectives, 2023

53 IEA, World Energy Employment 2023

At the European level, according to the International Labour Organisation (ILO), the EU had around 1.6 million workers in the renewable energy sector in 2022[54]. Between 2019 and 2022, employment in the energy sector in Europe also saw a net increase in the number of jobs, despite a decrease in the fossil fuel sector[55].

The transformation of employment in the energy sector can have disparate consequences depending on the region. Indeed, jobs lost are not always directly offset by jobs created. Time, geographical, sectoral and/or skill gaps may occur[56], especially as the majority of jobs in the energy sector cannot be relocated[57]. According to a study that analyses the vulnerability of European regions to the energy transition in terms of employment, there is a heterogeneity of impacts, which are particularly concentrated in Central and Eastern European regions[58].

As such, changes in the energy sector must be accompanied by specific training for workers in declining activities. **Retraining plans** are therefore essential for companies in the energy sector in order to limit negative impacts and manage human capital.

PART 2: OBJECTIVES OF A FAIR ENERGY TRANSITION ACROSS ALL VALUE CHAINS

Vigilance required across the entire value chain of transition activities

Social issues, including respect for human rights in increasingly complex value chains, must be taken into account to ensure the acceptability of new energy models.

In this respect, the conditions for **the supply of raw materials** constitute a major challenge for the energy transition. Over the past decade, global demand for metals and minerals needed to manufacture batteries, wind turbines, solar panels and other renewable energy equipment has boomed. Between 2017 and 2022, lithium demand tripled and cobalt and nickel demand increased by 70% and 40% respectively. At the same time, employment in mining increased by 8% per year between 2019 and 2022[59]. These jobs are mainly concentrated in developing countries, in particular Indonesia, Africa and South America. The increase in mining presents significant social risks, particularly with regard to working conditions in some mines. For example, cobalt mining in the Democratic Republic of Congo takes place under very precarious working conditions, with a lack of safety measures and extremely low wages. It is estimated that the number of cobalt mining workers in Congo is around 250,000, 20% of whom are children[60].

54 ILO, Renewable Energy and Jobs: Annual Review 2023

55 IEA, World Energy Employment 2023

56 IRENA, Finding common ground for a just energy transition: Labour and employer perspectives, 2023

57 IEA, World Energy Employment 2023

58 McDowall W., Reinauer T., Fragkos P., Mapping regional vulnerability in Europe's energy transition: development and application of an indicator to assess declining employment in four carbon-intensive industries, 2023

59 IEA, World Energy Employment 2023

60 *Ibid.*

By 2050, it is estimated that Europe will need 35 times more lithium, twice as much nickel and 35% more copper than today to achieve carbon neutrality[61]. To ensure a truly just transition, it is essential to improve **value chain management** and ensure **traceability of raw materials** used in the deployment of renewable energies.

While this represents a challenge for companies facing increasingly complex supply chains, European regulation aims to accelerate this process, notably through the implementation of the Corporate Sustainability Due Diligence Directive (CSDDD), adopted in 2024. This directive on companies' duty of care requires them to identify, prevent and remedy adverse impacts on human rights and the environment throughout their business chain[62].

The CSDDD also seeks to ensure respect for the rights of **local communities** potentially impacted by companies' activity[63]. This subject is particularly important in the context of the energy transition, as the development of renewable energy projects, which are often land-intensive, can lead to conflicts with local populations. According to a report by the Business & Human Rights Resource Centre, the main human rights violations in the renewable energy sector are violations of indigenous peoples' rights and land use abuses. Between 2015 and 2021, 369 cases of human rights violations related to this industry were recorded. Of these incidents, 56% were related to land use and four out of five occurred in Central and South America[64]. To ensure a just energy transition that respects the rights of indigenous peoples and all stakeholders, it is therefore crucial to prioritise and strengthen **social dialogue**. The scoping and monitoring of large infrastructure projects is also important in order to establish appropriate compensation mechanisms where necessary.

PART 3: LESSONS FROM THE FIRST PHASE OF ENGAGEMENT OF THE INVESTORS FOR A JUST TRANSITION COALITION

Through their investments, the coalition's investors aim to support an environmental transition that helps combat the adverse effects of climate change. As energy suppliers, energy companies are one of the first links in a global system based mainly on fossil fuels. Without low-carbon solutions, technically the transition would not be possible for any society. To align with the Paris agreement, the energy sector must therefore present a radical change in business models. However, this radical shift must not come at the expense of social aspects. Without social acceptance by the aforementioned stakeholders, the transition would be slowed down while negatively impacting people and regions. Companies in the sector must therefore integrate these social aspects into their transition plans, otherwise their credibility could be diminished.

With this holistic vision of the transition, the Investors for a Just Transition Coalition aims to contribute to the development of tools through the drafting of this report and the construction of a Just Transition chart. Its goal is to share a common chart.

61 Eurométaux, Metals in the energy transition: the challenge of raw materials in Europe, 2022

62 French Ministry of the Economy, Corporate duty of care in sustainability, 2024

63 Human Rights Watch, EU: Questions and Answers: New EU Law on Corporate Value Chains, 2024

64 Business & Human Rights Resource Centre, Investing in renewable energy to power a just transition, 2022

The purpose of the campaign on collaborative engagement with companies is to advance industry-wide practices by maintaining a positive approach, all while taking into account the differences inherent in the various companies.

This past year has enabled the thematic group in charge of energy to enter into dialogue with several European players in industry, both utilities and oil companies. While the following points are not exhaustive for the sector as a whole, we see different trends among players.

→ **The energy sector as a whole is the one that – all other things being equal – has the highest level of maturity compared to the other coalition sub-groups.** This can be attributed to the fact that the energy transition directly affects energy companies' business model. The external pressure exerted by various external stakeholders (NGOs, civil society, investors, etc.) for longer than other sectors can also explain this relative advancement.

→ **Within the sector itself, we see significant disparities.** Utilities, some of which have already transitioned most of their energy production to low-carbon sources, have defined ambitious policies around the just transition. For example, a company that has closed fossil fuel capacity in favour of a solar panel production unit has guaranteed 100% of its employees receive solutions in agreement with them (training, reskilling, early retirement). This strategy was discussed and prepared in advance with employee representatives, academics and local authorities. The company shared with us a high level of stakeholder engagement, including the direction taken by the company. We view this as good practice. **However, it should be taken into account that successful examples at the local level are not necessarily replicable identically at the global corporate level. This is why anticipating HR policies, CAPEX and employee support must take place over the long term.**

Meanwhile, more traditional oil companies continue to maintain large fossil fuel extraction capacities to meet ever-increasing demand for hydrocarbons[65]. As a result, they do not expect production to decline in the short term. The consequence of this projection is that some of these companies are not committing to a just transition strategy overall. However, some of the players we interviewed have embarked on a structuring of the just transition approach when the need arises, particularly in terms of the training/reskill/upskill strategy, the retraining of employees whose activities will be impacted or discussions with workers' unions.

65 IEA, Global fossil fuel demand and COP28 pathway, 2030

Next steps:

The energy working group will continue the dialogue with companies in the sector by presenting them with the analysis chart finalised by the coalition. What the group considers to be best practices can be shared with players that have room for improvement.

The aspect of value chains and, in particular, respect for human rights upstream and downstream will also be a subject that we intend to address. This includes respect for free, prior and informed consent, particularly for indigenous populations, but also the supply of the equipment necessary for renewable energies.

2.3 TRANSPORT SECTOR

The transport sector, which depends almost exclusively on a single energy source, oil, accounts for 24% of energy-related greenhouse gas emissions worldwide[66]. Its decarbonisation will therefore be strategic in achieving the goals of the Paris Agreement by 2050. This is particularly the case **with the automotive industry, which alone accounts for 60% of the sector's emissions in Europe**[67] and will therefore need to undergo profound and rapid business model changes. The International Energy Agency, for example, points out in its scenarios to achieve carbon neutrality by 2050 **that the proportion of electric cars worldwide should be increased to 66% by 2030 (vs. 18% currently)**[68]. An initial focus is therefore carried out here within this scope. Regulatory-driven modal and operational changes pose social risks to the sector, particularly regarding employment, as the electrification of automobiles requires different skills. Additionally, there are concerns about respecting workers' rights in the value chain related to the extraction of rare minerals necessary for battery production. These socio-economic impacts must be taken into account to ensure a fair and acceptable transition: customers will need sustainable transport at an affordable price; local communities and territories could be affected by restructuring and job losses.

PART 1: OBJECTIVES OF A JUST TRANSITION FOR THE AUTOMOTIVE INDUSTRY

The transformation of the automotive supply chain and the development of low-carbon cars are weakening the automotive sector in an already uncertain environment.

While the Covid-19 pandemic had already impacted automotive production by significantly disrupting global supply chains, the war in Ukraine has exacerbated **existing pressures on the European market,** facing continually evolving forces of change: **relocations, social dumpings practices (deterioration of social**

66 IEA, Global CO2 emissions from transport by subsector, 2000-2030

67 European Parliament, CO2 emissions from cars: facts and figures

68 IEA, Electric car sales and sales share in the Net Zero Scenario

rights), sourcing from low-cost countries and the abandonment of small model production[69]. New vehicle sales have already fallen by 22.8% between 2021 and 2022[70] in Europe, weakening activity and jobs in a declining sector. **For example, 100,000 jobs were shed in France between 2008 and 2021 across the entire automotive sector**[71]. Faced with these economic difficulties, the automotive industry must nevertheless begin its electrification to meet decarbonisation targets. This is already the case: in 2020, the share of electric and hybrid vehicles registered exceeded 10% for the first time on the European market[72]. This turning point is particularly motivated by regulatory changes. For example, the European Union has decided to **ban the sale of new cars with combustion engines in Europe from 2035**[73]. This profound and rapid change is accelerating economic changes in the sector, posing numerous risks to industry and its jobs. This is particularly the case with equipment manufacturers and the regions that depend on the sector. Electric cars require six times fewer parts and have 60% fewer components and maintenance compared to an internal combustion engine vehicle[74]. In addition, **13 million workers depend on the automotive industry in the European Union**, which is the driving force behind industrial employment, accounting for 7% of European jobs[75]. In France, 100,000 jobs could be lost by 2035[76].

While job losses are likely to be considerable, the shift to electricity represents a real economic opportunity for the sector, which must seize the chance to restructure by adopting a true coordinated industrial strategy to preserve European production. **Driven by electrification, sales of new cars increased by 13.9% in 2023**[77]**, and 245,000 jobs could be created in Europe by 2035**, to meet these new needs, particularly in the circular economy (repair, dismantling, remanufacturing)[78]. However, beyond job creation, the subject of skills renewal is a priority in order to preserve sufficient industrial production. In the battery industry alone, the European Union would need 800,000 skilled workers to achieve its electromobility ambitions[79], while the transformation of the passenger car segment would require retraining 2.4 million workers, according to a study by the Plateforme pour l'électromobilité[80][81]. The transformation of skills is therefore a major factor in meeting the challenges facing the sector. The industrial challenge is primarily to prepare today's workforce for the electro-mobility sector of tomorrow by supporting employees in gaining easier access to training and reskilling programmes.

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69 FNH & CFDT-FGMM, Automotive – How to meet the challenge of a just transition?, 2021

70 ACEA, European Automobile Manufacturers' Association

71 Observatoire des métiers de la Métallurgie, Impacts of changes in automotive construction on employment and skills, 2021

72 FNH & CFDT-FGMM, Automotive – How to meet the challenge of a just transition?, 2021

73 European Parliament (europa.eu). In addition, the US has also strengthened its regulatory requirements on emissions standards for light and medium-sized vehicles built between 2027 and 2032, gradually restricting the average annual emissions allowed for each manufacturer's new vehicles.

74 FTI Consulting, Impact of electrically chargeable vehicles on jobs and growth in the EU, 2018

75 ACEA – European Automobile Manufacturers' Association

76 Observatoire de la Métallurgie

77 ACEA – European Automobile Manufacturers' Association

78 PFA&DGE, French automotive subcontracting: development opportunities and location in France, 2023

79 European Battery Alliance (europa.eu)

80 IndustriAll Europe, Delivering the Just Transition, 2021

81 More specifically in France, 15,000 jobs could be created in battery production, 9,000 in recycling and 5,700 in retrofitting between 2035 and 2050: FNH & CFDT-FGMM, Automotive – How to meet the challenge of a just transition?, 2021

The transition of the automotive sector to decarbonised vehicles also poses numerous risks to the protection of human rights, which are not always respected throughout the value chain. **The increase in battery production to meet vehicle electrification needs increases demand for materials such as lithium, cobalt and nickel**, the extraction of which can have serious consequences for local communities and workers, as described in section 2.2. Initiatives such as the Global Battery Alliance[82], which brings together industry players, governments and non-governmental organisations, aim for example to **improve sustainability, circularity and traceability in the battery supply chain by 2030**. Projects for the relocation of battery production, the «gigafactories», are moving in this direction, particularly to make up for Europe lagging behind Chinese companies. Indicators adapted and specific to the consideration of biodiversity issues during the mineral extraction process also need to be taken into account[83].

PART 2: OBJECTIVES OF A JUST TRANSITION FOR USERS

The transition to low-carbon mobility will need to take into account changes in uses towards practices that are admittedly less carbon-intensive, but now more expensive. This **will impact the purchasing power of households, particularly those in more constrained circumstances.**

The risk is all the greater for low-income households, which are more exposed to the use of older, more polluting vehicles. They are therefore more affected by the high purchase costs when switching to an electric vehicle[84], as well as by the potential increases in taxes on fossil fuels, which exacerbate social protests. Although effective in reducing greenhouse gas emissions, **carbon taxation actually has strong distributional effects, to the detriment of the most disadvantaged households**: vertically, it penalises more precarious households, as they devote a greater share of their income to heating and transport expenses; horizontally, it affects households living in low- or medium-density areas more severely, in each income bracket, which use fossil fuels intensively for their heating and transport needs[85]. Mobility needs and experiences differ depending on the region, as evidenced by the sharp increase in daily mobility in rural and peri-urban areas with little or medium density, where dependence on cars is especially high, particularly for commuting to work.

Support for the most vulnerable and automotive-dependent populations is therefore crucial to ensure the social acceptability of the transition to low-carbon mobility. This includes reallocating investments to the most disadvantaged groups with the introduction of subsidies for the purchase of green and used vehicles, social leasing and assistance for electrical retrofitting, as well as in accessible and fast networks and charging points, at a competitive price on roads and motorways.

82 GBA&WEF, A_Vision_for_a_Sustainable_Battery_Value_Chain_in_2030, 2019

83 See in particular the UN-WCMC publication: Biodiversity Indicators for Extractive Companies.

84 However, it should be noted that this additional cost of electric vehicles is being absorbed: see for example Bloomberg, China's Batteries Are Now Cheap Enough to Power Huge Shifts

85 CAE note no. 50: For the climate: a just tax, not just a tax, Dominique Bureau, Fanny Henriet and Katheline Schubert

PART 3: LESSONS FROM THE FIRST PHASE OF ENGAGEMENT OF THE INVESTORS FOR A JUST TRANSITION COALITION

Fully committed to these challenges, the thematic group in charge of transport has engaged with a number of European players in the automotive industry, particularly car manufacturers.

The panel of manufacturers interviewed constitutes a sample of players and is not intended to be exhaustive for the time being. Consequently, the practices and feedback that follow cannot be considered as sector-wide feedback, but rather as targeted feedback with the objective of identifying Just Transition practices in this sector.

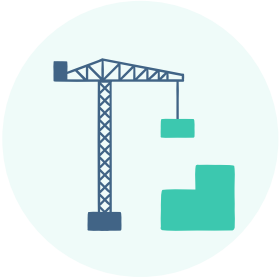
→ The first conclusion from the engagements is that **car manufacturers are aware of the social challenges of the environmental transition and plan their roadmap accordingly. Employee training and/or retraining is one of the priorities covering all or some employees.** This concerns, for example, skills related to automotive electrification, the use of the circular economy for resources and the challenges of digitisation. However, the social impact seems difficult to measure and remains a major challenge for the companies interviewed.

→ **Secondly, regarding product accessibility, the companies engaged appear to be constrained by the current pricing of batteries and therefore have only limited leeway to make their product accessible to as many people as possible.** Government intervention therefore seems necessary to support consumers in the transition, as well as to adapt existing regulations (e.g. by encouraging manufacturers to promote the sale of smaller, more affordable models).

Next steps:

The Coalition's priorities are now to **broaden the scope of engagement, both to meet more European car manufacturers, as well as subcontractors and the automotive industrial fabric.** Engagement with these players is key to addressing all the challenges of the just transition of the value chain, particularly for human rights or the often criticised environmental cost of mining minerals to manufacture electric batteries.

Secondly, it will be necessary to **engage with companies in the aviation and maritime transport sectors.**



2.4 BUILDING AND CONSTRUCTION SECTOR

The construction and building sector is responsible for 34% of global energy demand and 37% of energy and process-related CO2 emissions in 2022[86], and 36% of the EU's emissions[87]. **This sector is therefore central to the transformations brought about by the energy transition, particularly through the energy renovation of buildings.** According to the International Energy Agency, direct CO2 emissions from buildings must, by 2030, decrease by 50% and indirect emissions from the building sector by 60% to get on track for a carbon-free building stock by 2050.[88] This represents a drop in emissions from the sector of around 6% per year until 2030. In this context of the building decarbonisation objectives, the sector is expected to benefit from increased activity, which presents a major challenge as it is facing recruitment difficulties.

PART 1: OBJECTIVES OF A JUST TRANSITION FOR WORKERS

The construction sector suffers from a lack of attractiveness due to undervalued jobs and wages, and is subject to many uncertainties such as the slowdown in new construction and the rising prices of materials and energy. This last point is particularly important, both in order to obtain quality materials and to have a sufficient margin to properly remunerate employees. In recent years, inflation has been particularly high for the construction sector, characterised by a sharp rise in the prices of energy-intensive materials (such as cement, glass and tiles). For example, steel prices are still 20% higher than in early 2020[89].

These economic difficulties are compounded by the **lack of available labour for the sector,** identified by European companies as the main obstacle to construction between 2021 and 2023, according to data compiled by Coface and Ecofin[90], with a similar situation observed elsewhere in the world. In France, five times more positions will need to be filled in 2023 compared to 2016 (i.e. 26,000 vacant jobs)[91], while 20% of the current workforce, totalling 470,000 people, is expected to retire by 2030[1] according to data from France Travail[92]. If this trend intensifies, the issue of generational renewal could become one of the main challenges for the sector's future.

Tensions are particularly high across all professions in the sector, especially for artisans involved in energy renovation. The sector's ecological transition could indeed represent a real economic opportunity in terms of jobs, if sufficient efforts are made to encourage professionals to transform through targeted training focused on "green" skills: know-how specific to renovation, compliance

86 UNEP, Global Status Report for Buildings and Construction, 2024

87 European Commission A Renovation Wave for Europe, 2020

88 UNEP, Press release on building emissions, 2021

89 McKinsey, Construction sector: the excellence imperative to support the environmental transition, 2024

90 Coface, Builders and real estate companies under high tension, 2024

91 DARES, Vacancies, 2024

92 McKinsey, Construction sector: the excellence imperative to support the environmental transition, 2024

with environmental requirements (e.g. RE2020[93], CAP 2030[94] in France). In addition to understanding and applying increasingly restrictive regulations, the scope of this training must cover both proficiency in new products and systems and the deployment of a business model focused on the circular economy. This retraining is all the more important given that 80% of the future workforce is already among current workers[95]. More than 2 million new jobs could be created in Europe by 2030 by investing in renovation[96]. In France, needs are put at 170,000 to 250,000 jobs to achieve renovation objectives, thus largely absorbing the reductions due to the decline in new construction (50,000 to 60,000 fewer jobs by 2030)[97]. The renovation sector could thus become a growth driver for new construction players, by gradually integrating a growing proportion of major rehabilitation and associated energy renovation activities, according to ADEME[98].

The building and construction sector presents many risks in terms of violations of workers' rights. Improving working conditions is a challenge for the just transition of this sector, as conditions can be hazardous and/or precarious. These risks are even greater in the case of informal and/or low-skilled jobs, often held by immigrants who may be more vulnerable to exploitation. In France, for example, immigrants represent 27% of non-qualified construction workers (2017 data)[99].

The building and construction sector will also need to adapt its working methods to climate change: heat waves, which are increasingly frequent, are a major health and safety issue for building and construction workers. Cases of hyperthermia on construction sites have increased in recent years, recently leading France to publish a decree[100] authorising construction employers to halt work when Météo France issues an orange or red heat wave alert, while continuing to pay their employees 75% of their salary.

Lastly, the energy transition of buildings also poses direct human rights risks throughout the supply chain for new materials (cobalt, lithium, etc.), as described in sections 2.2 and 2.3.

93 RE2020: environmental regulations on new building constructions, in force since 2022 to comply with the Energy Transition for Green Growth Act by pursuing objectives to improve the energy performance of new buildings, reduce their impact on the climate and adapt them to future climate conditions

94 CAP 2030: work for a common frame of reference beyond regulatory requirements

95 IBB & C40, Just transition to a clean construction sector, 2021

96 JTC & EFBWW, Skills and quality jobs in construction, 2023

97 France Stratégie, Summary_of_the_main_messages_on_the_employment_challenges_of_the_energy_renovation_of_buildings, 2023

98 ADEME, Construction and real estate: a sector struggling with crises but whose ecological transition is under way, 2024

99 "What jobs do immigrants do?", DARES analyses no. 36, French Ministry of Labour, July 2021

100 LégriFrance, Decree No. 2024-630 on the special compensation scheme for employees by construction and public works companies in the event of work stoppage caused by bad weather, 28 June 2024

PART 2: OBJECTIVES OF A JUST TRANSITION FOR TENANTS AND LANDLORDS

Improving access to quality, affordable and environmentally resilient housing is a key priority for the sector.

The consequences of global warming could lead many people to leave their homes, having become uninhabitable, or to live in «indecent» conditions while remaining in these same homes. The impacts of global warming on the housing stock could represent a loss of 167 million homes worldwide by 2040, or 8.4 million per year[101].

In addition to the serious impacts that the increase in extreme weather events (e.g. fires, floods or landslides) could have on the right to decent housing for individuals and communities, the resulting damage will also impact the purchasing power of residents forced to repair, adapt or relocate them. In France, for example, the Covéa insurance group forecasts a 110% increase in flood damage, a 130% increase in torrential flooding and a 60% increase in drought damage[102]. **A just transition will therefore mean that the building and construction sector will need to build new homes that are more resilient to the impacts of climate change and to ensure the availability of these homes and their accessibility, particularly in terms of purchase or rental costs.**

Furthermore, beyond the «forced» relocations caused by extreme weather events, many homes could become «uninhabitable» or «indecent» as a result of climate change. The cost to landlords and tenants of renovating these homes could lead some individuals to remain in indecent or dilapidated housing, directly impacting their right to decent housing. Indeed, households occupying homes with the lowest energy performance are the most likely to find themselves in a situation of energy poverty[103]. Poorly isolated homes are also a source of higher energy expenditure, increasing financial difficulties for already vulnerable households.

The European Commission has also specified in its strategy «for a renovation wave in Europe» that the efforts made in terms of the energy performance of buildings will be key to improving citizens' quality of life[104]. In France, there are 4.8 million energy-inefficient homes (classified as F or G), representing 17% of the national housing stock, with a significant number of people living in these homes being unemployed.[105].

Certain support and assistance schemes to finance renovation work, such as the Eco-Prêts interest-free loans and MaPrimeRénov', can enable homeowners, particularly those from low-income categories, to make their home compatible with current environmental standards[106].

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101 Shelterbox, Press Release, 2021

102 Covéa, Climate Change & Insurance, 2022

103 According to the act of 12 July 2010, known as the Grenelle 2 act, experiencing in your home "particular difficulties in obtaining the energy supply necessary to meet your basic needs due to the unsuitability of your resources or housing conditions"

104 European Commission, Renovation Wave, 2020

105 Vie Publique, The energy renovation of buildings: a response to climate challenges, 2021

106 Institute of Sustainable Finance, Sectoral challenges and opportunities in financing the ecological transition: the case of building decarbonisation, 2024.

However, it is up to the building and construction sector to integrate the issue of building stock renewal and resilience to the impacts of climate change into its overall strategy, in order to promote the long-term accessibility of more resilient materials and/or low-cost renovation work.

Some private initiatives already exist to promote access to affordable housing. This is the case with Home.Earth, a Danish real estate company that builds low-carbon houses. In its governance model, tenants are shareholders who therefore receive a return on investment, enabling them to obtain rents approximately 20% lower than market rates[107].

PART 3: LESSONS FROM THE FIRST PHASE OF ENGAGEMENT OF THE INVESTORS FOR A JUST TRANSITION COALITION

During the first year, the thematic group in charge of buildings and construction was able to engage with a number of European players producing «greener» construction materials and components that take into account the challenges of global warming, as well as with more diversified industrial conglomerates.

The panel of around ten manufacturers met constitutes a limited sample of players and is not intended to be exhaustive for the time being. Consequently, the practices and feedback that follow cannot be considered as sector-wide feedback, but rather as targeted feedback with the objective of identifying the level of progress in the thinking and strategy of companies in the sector regarding the just transition.

Subsequently, the working group may consider engaging housing companies (e.g. real estate companies) more directly, in order to more specifically address the issue of adapting the housing stock to climate issues.

→ The companies interviewed, which manufacture greener solutions, materials and components, are generally fairly mature on issues related to the just transition: employment, loss of attractiveness and training in new professions.

→ However, some companies do not understand the concept of a just transition and only have certain isolated initiatives (e.g. training on a case-by-case basis).

→ Human rights issues along the value chain are still being addressed too superficially at this stage.

Next steps:

The Working Group's engagement strategy remains to prioritise construction companies, which face challenges in the transition from traditional materials to energy transition materials, as well as an adaptation of working and procurement methods that take greater account of the challenges of respect for human rights and fair and favourable working conditions.

107 IHRB, Human Rights Risks and Opportunities

3. LEVERS OF ACTION FOR INVESTORS

3.1 RECOMMENDATIONS OF THE COALITION MEMBERS

Investors can play a crucial role in promoting a Just Transition due to their ability to channel financial flows to companies that promote both environmental sustainability and social inclusion[108]. In this way, they can help accelerate the transition to a low-carbon economy while mitigating negative social impacts on workers and local communities. In addition, through shareholder engagement, investors can encourage companies to:

→ **Integrate environmental, social and governance (ESG) dimensions into the conduct of their activities; and**

→ **Disclose their just transition efforts and performance.**

Following this series of engagements with companies, several observations can be made by the Coalition members:

→ **The just transition is a concept that remains little known or rarely used to encompass all its characteristics;**

→ **Many initiatives discussed with companies do not form part of an overarching approach to the just transition and most often remain isolated and fragmented in terms of scope;**

→ **Communication on actions related to the just transition remains limited, and constrained by existing reporting standards.**

108 ILO & LSE "Just Transition Finance Tool for banking and investing activities", 2022

The Coalition's recommendations for companies are divided into the following categories:

Transparent planning of the Just Transition strategy

1. **Define the Just Transition and an associated strategy**

2. **Map the impacts, risks and opportunities related to the Just Transition**

3. **Integrate the Just Transition into the governance bodies** of climate-related issues that are fully involved in the implementation of the strategy

→ At the level of the boards of directors or supervisory boards and their committees (training programmes, appointment of experts, criteria for the variable compensation of corporate officers, etc.);

→ At executive committee level (representation of the CSR function at the various head offices);

→ At a more operational level (sites, divisions, geographical areas, etc.).

4. **Establish and steer the implementation of a Just Transition strategy:**

→ Integrating all internal and external stakeholders (employees, suppliers, distributors, etc.); and

→ In parallel and in line with the transition plans (greenhouse gas emission reduction targets, environmental targets, etc.)

5. **Make the Just Transition strategy a credible element to transition plans**

6. **Communicate on the implementation of the Just Transition strategy** (policies, objectives, measures, key performance indicators, etc.) For companies subject to the CSRD and for which the Just Transition issues are identified as material, communicate at least using **ESRS S1.SBM-3 §14 e**

Engagement with stakeholders

1. **Engage in regular dialogue with employees** to include them in the actions implemented (awareness-raising programmes, training programmes, etc.)

2. **Engage with workers' representatives in the sector concerned**

3. **Engage with suppliers, business partners and their representatives** (due diligence, audits, specific clauses in contracts, joint partnerships/initiatives, etc.). For example, for companies in the agri-food sector, adopt an approach of collaboration and pooling of resources between links in the value chain.

4. **Engage with local communities and NGOs** (awareness programmes, training programmes, financial and material support, etc.). For example, for the energy, transport and building and construction sectors, does the company ensure that its projects and purchases do not indirectly contribute to human rights violations?

5. **Engage with consumers** (responsible and transparent marketing, changes in the offering and action on demand, accessibility of products and services for the most vulnerable populations, etc.)

Employment and training

1. **Identify high-risk positions and quantify the impact of the environmental transition on its employees** as well as those in its value chain

2. **Develop employee skills and qualifications (up/reskilling) to ensure their long-term employability.** For example, for companies in the automotive industry, quantify the impact of the electrification of cars on its human resources to anticipate the need for training

3. **Facilitate the retraining of workers,** redeploy the jobs impacted by the ecological transition and offset any losses towards sustainable and decent jobs, paying particular attention to vulnerable groups

Consumers

1. **Take into account the accessibility of products and services offered** in the decarbonisation strategy

2. **Conduct and propose actions to raise awareness and empower consumers**

3.2 JUST TRANSITION AWARENESS GRID

The development of a Just Transition Awareness Grid by the Coalition members is a tool for engaging in the future with the targeted companies to address the multi-dimensional nature of the Just Transition. The purpose of the chart is therefore to structure the dialogue of investors engaging with companies on the achievement of the transition.

The work of the Coalition members was built and inspired by the Just Transition Assessment carried out by the World Benchmarking Alliance, which covers the practices of over 450 companies[109]. At the end of 2023, the WBA also launched an international working group on monitoring progress in the just transition of companies.

Other significant work on the Just Transition has also enriched the Coalition's discussions:

→ The just transition assessment frameworks and tools listed by the LSE[110], particularly its work in collaboration with the International Labour Organisation, published in 2022: Just Transition Finance Tool

→ Climate Action 100+, an initiative bringing together investors who want to ensure that the world's largest greenhouse gas emitters take appropriate measures to combat climate change, published in 2023 the revision of its Net Zero Company Benchmark 2.0, which takes into account specific Just Transition indicators.

→ B4IG has produced a list of indicators to analyse and assess companies' contribution to the social challenges of the ecological transition: Just Transition Indicators.

→ Just Transition Hub: A Just Transition Hub was launched by the Coalition using data from Moody's ESG Solutions[111]

→ Impact Investing Institute, Just Transition Criteria: How to align investments with a just transition?, 2023[112].

→ Amundi Asset Management, Clifford Chance LPP, Grantham Research Institute & the Financing Just Transition Alliance, Just Transition: a framework for investor engagement, 2024[113].

→ The work of the International Labour Organisation and in particular its latest publication on the banking and insurance sector: ILO & UNEP FI, Just Transition Finance: Pathways for Banking and Insurance, 2023[114].

→ The work of the CREST team on inequality and achieving carbon neutrality with the publication of two scientific articles and one extension article: "Green Human Capital, Innovation & Growth"[115], "Wages and Corporate Social

109 World Benchmarking Alliance, Just Transition Assessment, 2021

110 , Grantham Research Institute & the Financing Just, Financing a Just Transition, 2024

111 Investor for a Just Transition, Just Transition Hub, 2022

112 Impact Investing Institute, Just Transition Criteria – a practical tool for fund managers, 2023

113 Clifford Chance, Just Transition: A framework for investor engagement, 2024

114 https://www.unepfi.org/industries/banking/just-transition-finance-pathways-for-banking-and-insurance/

115 https://crest.science/wp-content/uploads/2024/02/2024-02.pdf

Responsibility: Entrenchment or Ethics?[116]" and "ESG standards and just transition: how to take environmental and social issues into account?"[117]. The first article provides an analysis of the impact of environmental and social strategies, i.e. the CSR policy, on wages, using French data from 13,000 companies.

→ ADEME opinions on the just transition[118].

This extensive work was used as an inspiration to define the 12 indicators present in the engagement chart, divided into four categories: strategy planning, engagement with stakeholders, employment and training, and lastly consumers.

Each indicator is associated with one or more additional general or sectoral KPIs, making it possible to specify the dialogue around the indicator.

By responding to this chart, a progress report is automatically calculated for information purposes (score out of 10) to obtain a very concise view of the company's readiness for the just transition.

116 https://crest.science/wp-content/uploads/2024/03/2024-03.pdf

117 Crifo, Patricia. "ESG standards and the just transition: how to take environmental and social issues into account?", *Servir*, vol. 520, no. 2, 2023, pp. 16-20.

118 https://academie.ademe.fr/2024/08/avis-de-lademe-la-transition-juste/

JUST TRANSITION AWARENESS GRID

Strategy planning

Q1/ The company mentions Just Transition in its various communications.

If no : Are you planning to do so? When? And if not, why not?

Q2/ The company defines Just Transition in its various communications.

If no : Are you planning to do so? When? And if not, why not?

Q3/ The company has identified the implications of a Just Transition for its business and its stakeholders.

If no : Are you planning to do so? When? And if not, why not?

Q4/ The company has drawn up a Just Transition plan and is committed to taking into account the social impact of its decarbonization efforts.

If yes:

Publication of a strategy	Definition of an action plan associated with this strategy

If no : Are you planning to do so? When? And if not, why not?

Q5/ The topic of Just Transition is discussed at least annually by the governance bodies, which play a full part in implementing the strategy.

If yes:

Taking account of just transition issues in decision-making processes

Setting up committees dedicated to the challenges of the just transition

Number of training courses dedicated to the challenges of the just transition, for managers and directors

If no: Are you planning to do so? When? And if not, why not?

Q6/ The company publishes the quantified key performance indicators it uses to track progress in achieving the objectives of its Just Transition plan.

If yes:

What are the KPIs published ?

If no : Do you plan to do so? By when? If not, why not?

Q7/ The company takes into account and ensures respect for human rights in connection with just transition (living wage, forced labor, etc.).

Si non : Are you planning to do so? When? And if not, why not?

Engagement with stakeholders

Q8/ The company's Just Transition plan was developed in consultation with all key stakeholders involved in decarbonisation efforts, as part of transparent social dialogue (employees, communities, unions, suppliers, etc.)

If yes:

Publication of the categories of stakeholders involved in just transition planning	% of workers (through workers' representatives, trade unions and social partners) represented in social dialogue
Number of social dialogue sessions held with stakeholders	**For the Automotive and Agriculture and Food sectors:** has there been dialogue involving companies from upstream to downstream of the sector's value chain in order to organise themselves collectively?

If not: Do you plan to do so? By when? If not, why not?

Q9/ The company is publicly committed to ensuring that new projects related to its decarbonization efforts are developed in consultation with the communities concerned, and that their consent is obtained.

If yes:

Commitments made with local communities (development programme, support, impact analysis, etc.)	Number of incidents with local communities: violations of the rights of indigenous peoples
For the Agriculture and Food sector: does the company ensure that its projects do not directly or indirectly contribute to deforestation and violations of the rights of local communities?	**For the Energy, Transport, and Building and Construction sectors:** does the company ensure that its projects and purchases do not indirectly contribute to human rights violations (e.g. child labour in the mining industry)?

If not: Do you plan to do so? By when? If not, why not?

Q10/ The company takes the Just Transition into account when selecting suppliers.

If yes :

In due diligence (e.g., mention in the Supplier Code of Conduct)	In annual audits

If not: Do you plan to do so? By when? If not, why not?

Q11/ The company engages stakeholders (low-income consumers, social organizations, political decision-makers, etc.) to understand the challenges and solutions for improving the accessibility of goods and services.

If yes:

Specify the number of social dialogue sessions held on the theme of prices and accessibility	**For the Agriculture and Food sector:** has there been a dialogue involving companies from upstream to downstream of the sector's value chain regarding the setting of fair prices (e.g. Who is the boss? initiative)

If not: Do you plan to do so? By when? If not, why not?

Employment and Training

Q12/ The company assesses the risks of job losses and measures the creation opportunities brought by the decarbonisation of its activities, across its entire value chain

If yes:

Specify these risks and opportunities below

For the Building and Construction sector: has the company quantified the impact of the increase in renovation demand on its HR needs?

For the Transport sector: has the company quantified the impact of automotive electrification on its HR needs?

For the Agriculture and Food sector: has the company quantified the impact of the transition to more sustainable practices on its HR needs?

For the Energy sector: has the company quantified the impact of the transition to renewable energies on its HR needs?

If not: Do you plan to do so? By when? If not, why not?

Q13/ The company identifies and anticipates skills gaps related to the ecological transition, for workers and relevant stakeholders

If yes:

Specify the needs and actions put in place to remedy them

For the Building and Construction sector: has the company quantified the impact of electrification on the need for training in building renovation?

For the Transport sector: has the company quantified the impact of automotive electrification on the need for training?

For the Agriculture and Food sector: has the company quantified the impact of the transition to more sustainable practices on the need for training?

For the Energy sector: has the company quantified the impact of the transition to renewable energies on the need for training?

If not: Do you plan to do so? By when? If not, why not?

Q14/ The company acts to facilitate the redeployment of workers, redeploy the jobs impacted by the ecological transition and offset any losses towards sustainable and decent jobs, paying particular attention to vulnerable groups

If yes:

% of training hours received on the ecological transition of professions, by group (gender, age, inclusion of racialised individuals, etc.)	Number of jobs lost within the company and, as far as possible, throughout supply chains due to ecological transition planning
Number of green and decent jobs created (or redeployed) within the company and, as far as possible, throughout supply chains, due to ecological transition planning	Existence of a charter/code guaranteeing a minimum income threshold along the value chain (suppliers)

If not: Do you plan to do so? By when? If not, why not?

Q15/ The company has a remuneration policy that guarantees all employees a decent and fair wage, in line with local living standards and social justice criteria.

If not: Do you plan to do so? By when? If not, why not?

Consumers

Q16/ The company takes into account the accessibility of its products and services in its decarbonisation strategy

If yes:

Assessment of the impacts of its decarbonisation strategy on prices

Monitoring of changes in the prices of products and services affected by the ecological transition

If monitored, does the environmental transition impact your customer base by revenue?

If not: Do you plan to do so? By when? If not, why not?

ANNEX

AT THE INTERNATIONAL LEVEL

Paris Agreement (2015)[119]

The Paris Agreement reiterates the need to take into account the imperatives of the just transition and stresses the importance of guaranteeing human rights and promoting decent jobs and fair working conditions in the context of climate action.

International Labour Organisation (ILO): Guidelines for a just transition towards environmentally sustainable economies and societies for all (2015)[120]

This document provides a framework for national policies that support the transition to a green economy while ensuring social protection and promoting employment.

Report by the Intergovernmental Panel on Climate Change (IPCC) (Annual)[121]

The IPCC report highlights the importance of a just transition in achieving global climate goals. It emphasises that the transition to a decarbonised economy must be inclusive and equitable, incorporating the needs of the most vulnerable workers and communities. The report recommends policies and investments that foster sustainable jobs and ensure that the benefits of the transition are shared equally, thereby minimising the negative impacts on marginalised populations.

119 UNFCCC, Paris Agreement

120 ILO, Guidelines for a just transition towards environmentally sustainable economies and societies for all

121 IPCC

AT THE EUROPEAN LEVEL

European Green Deal[122]

The European Green Deal includes initiatives for a just transition, including the creation of the Just Transition Mechanism, part of which is the Just Transition Fund. This fund is intended to help the regions most affected by the transition to a green economy by financing the retraining of workers, economic diversification and the modernisation of infrastructure.

Just Transition Mechanism (JTM)[123]

The JTM provides targeted support to mobilise around €55 billion over the 2021-2027 period to mitigate the socio-economic impact of the transition to a climate-neutral economy. This includes the establishment of a Just Transition Fund, an InvestEU mechanism for a just transition and a new public sector lending facility.

Corporate Sustainability Due Diligence Directive (CSDDD)[124]

The notion of just transition is mentioned several times in the CSDDD preamble. The Directive is part of the European Pillar of Social Rights, which promotes rights guaranteeing fair working conditions. It is part of the Union's policies and strategies for the promotion of decent work throughout the world, including in global value chains. The directive also recalls the link and ambition of the European Green Deal, which aims to achieve a just transition for a sustainable future.

DNSH SFDR[125][126] & Minimum Safeguards of the European Taxonomy[127]

The DNSH principle of the Sustainable Finance Disclosure Regulation (SFDR) incorporates elements of the just transition by ensuring that sustainable economic activities comply with social standards and do not cause significant harm to workers or local communities. In addition, the minimum safeguards of the EU Taxonomy require that economic activities comply with international human rights and labour standards, such as the UN Guiding Principles on Business and Human Rights and the International Labour Organisation conventions.

122 European Commission, The European Green Deal

123 European Commission, The Just Transition Mechanism

124 European Commission, Corporate Sustainability Due Diligence

125 European Commission, SFDR

126 "Do no significant harm"

127 European Commission, EU taxonomy for sustainable activities

AT THE FRENCH LEVEL

National Low Carbon Strategy (SNBC)[128]

The SNBC includes just transition elements with a focus on retraining workers and creating new jobs in green sectors. For example, it encourages skills development in renewable energy, energy efficiency and the sustainable management of natural resources. These initiatives are intended to facilitate the transition for workers from traditional industries to more sustainable sectors.

Climate and Resilience Act (2021)[129]

This act contains some minimum provisions to ensure that the ecological transition is conducted in an inclusive and equitable manner, including by supporting workers in sectors affected by the transition. For example, there is an obligation for employers to inform and consult the social and economic committee on the environmental consequences of decisions affecting the workforce, working conditions and professional training.

COMPLEMENTARY INITIATIVES AND PROGRAMMES

Coal Regions in Transition Initiative[130]

A European Commission initiative specifically aimed at supporting coal regions in transition to more sustainable energy sources.

Communities for a Just Transition Platform[131]

This European network aims to share best practices and promote just transition policies at the local and regional level. There are many initiatives on the just transition, including monitoring indicators for companies and investors:

World Benchmarking Alliance (WBA)[132]

The World Benchmarking Alliance (WBA) is actively working on the just transition by assessing companies on their practices to protect workers' and local community rights, and by integrating these criteria into its sector benchmarks. They propose six indicators: social dialogue and stakeholder engagement, just transition planning, creation of green and decent jobs, retention and retraining and/or upgrading of skills, social protection and social impact management, advocacy for policies and regulations supporting a just transition.

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128 Ministry for the Ecological Transition, SNBC p14

129 Climate and Resilience Act, 2021

130 Initiative for Coal Regions in Transition in the EU – Climate Strategies

131 https://ec.europa.eu/regional_policy/funding/just-transition-fund/just-transition-platform_en?etrans=frJust Transition Platform

132 World Benchmarking Alliance, Just Transition Assessment, 2021

B4IG[133]

B4IG, short for «Business for Inclusive Growth», is a coalition of multinational companies working to promote inclusive growth around the world. They have formalised **13 indicators (KPIs)** in the following categories: transparent planning process, employment, upskilling and reskilling, access to goods and services, etc.

Climate Action 100+

Climate Action 100+ is a global initiative of institutional investors that engage with companies to improve their climate risk management and promote ambitious climate actions. In their «Net Zero Company Benchmark 2.0» publication, Climate Action 100+ develops an assessment framework to rank companies on their engagement and actions to achieve net carbon neutrality targets. They include **indicators (9.1 and 9.2)** on engagement[134], planning and monitoring of the just transition.

Council for Inclusive Capitalism[135]

The Council for Inclusive Capitalism is a global coalition of companies and leaders committed to transforming capitalism to create a positive social and economic impact on a large scale. In its «Just Transition: framework for company action», it formalises four pillars of the just transition for the energy sector using the WBA and Climate Action 100+ methodology and indicators. The four pillars are: supporting universal access to energy and a net-zero emissions world, developing the energy workforce to support a low- and zero-carbon energy future, strengthening community resilience, and fostering collaboration and transparency throughout the process.

Just Transition Finance Lab (Gratham Institute on Climate Change and the Environment, London School of Economics & Political Science)[136]

The Just Transition Finance Lab, recently launched by the London School of Economics (LSE) in collaboration with the Grantham Research Institute on Climate Change and the Environment, is an initiative dedicated to promoting financial strategies that support a just energy transition. The lab aims to develop innovative financial tools and models to ensure that transitions to low-carbon economies benefit all segments of society, including the most vulnerable communities. With a focus on social inclusion and economic justice, the Just Transition Finance Lab seeks to mobilise the investments needed to achieve climate goals while ensuring a fair distribution of the benefits and costs of this transition. The Grantham Institute, renowned for its expertise in climate change and sustainable development, provides academic support and cutting-edge research to guide laboratory initiatives towards concrete results.

133 B4IG, Just Transition Indicators, 2023

134 Climate Action 100+, Net Zero Company Benchmark 2.0, 2023

135 Council for Inclusive Capitalism, Just Transition Framework for company action

136 Grantham Research Institute on Climate Change and the Environment, Financing a Just Transition

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CONTACTS

For more information on the Investors for a Just Transition Coalition:

Lucie Pecqueur, Head of Biodiversity and Adaptation, in charge of the Coalition
l.pecqueur@ifd-paris.com

Nicolas Lancesseur,
Climate and Environment Director,
n.lancesseur@ifd-paris.com

Cécile Goubet, Managing Director ,
c.goubettrotignon@ifd-paris.com

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Founded in October 2022, the Institut de la Finance Durable, a branch of Paris EUROPLACE, aims to coordinate, unite and accelerate the Paris financial market's efforts to achieve the ecological transition and transform the economy towards a low-carbon and inclusive model, aligned with the goals of the Paris Agreement and the Sustainable Development Goals. It brings together all the private, public and institutional players on the Paris financial marketplace and conveys the financial market's positions at the European and international levels. The Sustainable Finance Institute is chaired by Yves Perrier.


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