

A JUST TRANSITION

INVESTOR EXPECTATIONS AND PUBLIC POLICY RECOMMENDATIONS

The transformation to a low carbon economy will bring profound social and economic change, and these must be managed holistically and fairly. ACSI's latest research outlines what companies need to do and what policies are necessary to support a just transition and bring workforces, communities, companies and investors into a net zero world.

The investment risk of an 'unjust' transition

The wellbeing of communities clearly has a material link to the strength of the economy and financial outcomes and it is widely accepted that an investor's fiduciary duties include consideration of the financial implications of climate change. The financial losses from a disorderly transition would be significant and, while they may be initially borne by specific regions, the effects will spread across the economy.

Investor expectations

ACSI expects a company with assets affected by the energy transformation to demonstrate a principles-based approach to a just transition and address the following:



Acknowledgment and commitment

Acknowledge the social impacts of its climate change strategy and the need for a just transition and ensure board oversight of the response



Engagement with stakeholders

Actively engage with those affected by the company's transition and ensure their feedback is incorporated



Context specificity

Undertake place-based analysis to ensure its planning and transition response factors in the context-specific risks and opportunities of a site or region



Context-specific action, measurement and outcomes

Report how it has engaged, consulted and assessed its progress, which requires reporting on policies and performance, including through TCFD reporting



Advocacy and partnerships

Advocate for a just transition. This extends to the industry associations of which a company is a member

ACSI's research expands on what this might mean in practice and how companies should report to investors, including specific metrics to inform such disclosure.

Public policy recommendations

Given that transitions impact economies at the system-wide level, there is an essential role for Government. ACSI encourages **policymakers** to create an enabling environment for a just transition, including:

Develop a federal just transition framework and enabling environment setting out a clear pathway towards a just transition across Australia, including mechanisms to implement the approach, and the roles and responsibilities of key stakeholders. The enabling environment should include standards and guidance and reporting to government, investors and other stakeholders. A coherent and complimentary policy environment should be the aim.

Establish an independent national Just Transition Authority to advise the Federal Government and coordinate just transition planning. The national Just Transition Authority should act as a central body for coordinating just transition policy and provide the Government with robust and independent advice.

Establish and resource local just transition agencies in areas affected by the closure of fossil fuel operations. In consultation with a wide range of stakeholders, local just transition agencies should develop a clear plan for the region covering both the direct mechanics of support for workers and communities as well as broader economic development and diversification. Agencies should work in a way that empowers the community and encourages collaboration and co-design.

Ensure sufficient funding for a just transition. In addition to public funding, governments and policymakers should work with the private sector to facilitate the provision of private capital.

Monitor the transition. Governments and just transition authorities should set clear targets and objectives, monitor their progress against these targets and report regularly and transparently.

Position First Nations as co-designers and core partners in the systems (policy, legislation and projects) needed to facilitate Australia's transition to a low emissions economy. Ensure that policy frameworks do not position First Nations as passive hosts of transition projects, but as core project partners. Establish standards that incorporate genuine free and informed consent.

ACSI's stakeholder engagement

Thanks to the many companies, regional leadership bodies, unions, industry associations, policy think tanks, academics, members of government and ACSI members who took part in this project and provided insightful views on the challenges and opportunities we face.

The scale of this challenge requires all parties to work together. ACSI and its members look forward to playing their part in supporting a just transition.

ACSI's research can be found [here](#).