Achieving a just transition in the energy system

Insights and case studies from WBCSD’s Energy Pathway
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Introduction
Introduction

Context

Momentum on the transition to a net-zero carbon economy continues to accelerate globally, with unprecedented growth in the scale of ambition and commitments from governments and business to reduce greenhouse gas (GHG) emissions.

Leading companies are committing to decarbonize their own organizations, improve the performance and resilience of their supply chains, and exert influence over others to do the same. Since June 2020, for example, over 8,300 companies around the world have signed up to the Race to Zero, making commitments to slash their full carbon footprint in accordance with the Science Based Targets initiative (SBTi).

The challenge ahead for businesses is to unlock the “how” – working to turn net-zero carbon ambitions into action at scale while also working to understand the impact that the transition will have on people as well as inequality.

Inequality as a systemic risk

The world today is characterized by stark inequalities in income, wealth and well-being, with hundreds of millions of people struggling to meet their basic needs.

Even more fundamentally, there are inequalities of opportunity: deep structural differences in people’s prospects based on their personal characteristics and backgrounds – factors that are largely outside of their control.

Major global trends and developments are making the situation worse. Climate change, the continued effects of the COVID-19 pandemic, conflict and cost of living crises are all hitting the most vulnerable the hardest.

The interlinked and structural nature of inequality today makes it an urgent systemic risk – one that is threatening not only individual communities and companies but entire societies and economies. Inequality is contributing to the erosion of trust in our political and economic systems and to civil and political unrest. Economic and other crises of global scale like COVID-19 and climate change act to further increase existing inequalities, with the potential to constrain overall economic growth, and undermine our collective capacity to tackle complex global challenges.

Fortunately, inequality is not a fact of nature but a product of systems that can change. Reducing inequality will require concerted action spanning all sectors of society – and business has an essential role to play.

In 2021, WBCSD launched the Business Commission to Tackle Inequality (BCTI) – a cross-sectoral and multi-stakeholder coalition of more than 60 organizations and their leaders – with the mission of putting the addressing of inequality at the heart of the business agenda for sustainable growth.
About this report

Against this backdrop, this report explores emerging thought leadership and good practices when it comes to actions that businesses can take to support a just transition in the energy system. The aim is to share real-world examples and lessons learned from projects currently underway globally, to disseminate and mainstream emerging innovation and leading practice.

We have prepared the report as part of an ongoing collaboration between the World Business Council for Sustainable Development (WBCSD), the Council for Inclusive Capitalism and PricewaterhouseCoopers LLP (PwC). The insights in the paper are based on consultations undertaken with WBCSD member companies operating in the energy system globally, combined with desktop research on sector-level transition challenges and opportunities and their impacts on workers, consumers and communities.

In the report, we center our analysis on the Council for Inclusive Capitalism’s Just Transition (JT) Framework for Company Action launched in 2021 to guide businesses in the actions they can take as part of their net-zero carbon transitions to help further a just transition for everyone in society. The insights we present are linked to the four pillars of the JT Framework (section 2). Through them, we intend to support companies in the energy system and beyond as they consider what concrete actions they can take to address the impacts of their business transition activities on their consumers, workers and the people living in the communities in which they operate.

The remainder of the report is structured as follows:

- **Section 3** presents overarching insights relating to each of the JT framework’s four pillars of action generated by WBCSD member companies from the energy system.
- **Section 4** presents case studies detailing examples of specific actions energy companies are taking to further a just transition.
- **Section 5** summarizes the insights from the case studies and raises the question of what more is needed from companies and other global stakeholders (both within the energy system and across systems) to put people at the center of the transition to net-zero carbon economies.
The Council for Inclusive Capitalism’s Just Transition Framework
The Council for Inclusive Capitalism’s Just Transition Framework

As the importance of a just transition becomes more acutely and widely understood, various guidelines are emerging that put forward key areas for engagement and action.

In 2021, recognizing the imperative of realizing a just transition and that most guidance and research up until that point had been designed for policymakers, rather than business leaders, the Council for Inclusive Capitalism established a collaborative initiative to address the gap in private sector guidance on concrete actions that companies can take to support a just transition.

These efforts resulted in the publication of the Just Transition Framework for Company Action. This resource provides companies with a comprehensive overview of the categories of actions they should explore to ensure that they undertake their respective decarbonization journeys in a fair and just way, for workers, consumers and communities.

The framework was designed for use across sectors and developing market contexts and has four pillars:

1. Universal net-zero energy;
2. Workforce evolution;
3. Community resilience;

Each of these pillars outlines five action areas to guide companies in defining and implementing their transition plans. Figure 1 summarizes this.

The Council for Inclusive Capitalism, Boston Consulting Group (BCG), seven energy and energy-intensive companies (ACEN, Anglo America, bp, Eni, Reliance, Repsol and SSE), and six academic, investor, civil society and social representatives (CalPERS, Grantham Research Institute, Inclusive Capital Partners, International Trade Union Confederation, State Street

and the UN Special Envoy for Climate Action and Finance) co-developed the framework. The framework’s areas of action map to the two just transition benchmarks used by investors: Climate Action 100+’s Net-zero Benchmark Just Transition indicator and the World Benchmarking Alliance’s Just Transition methodology.

Building on the important foundations established by the Council for Inclusive Capitalism, WBCSD has been leveraging the JT Framework as an engagement tool with its member companies across a range of sectors, to kickstart conversations and explore emerging best practices when it comes to advancing a just transition.

This report highlights key insights and practices that have surfaced from conversations with leading WBCSD members from the energy system via real-world case studies.
**Figure 1:** Council for Inclusive Capitalism’s Just Transition (JT) Framework for Company Action

<table>
<thead>
<tr>
<th><strong>FOUR Pillars</strong></th>
<th><strong>UNIVERSAL NET-ZERO ENERGY</strong></th>
<th><strong>WORKFORCE EVOLUTION</strong></th>
<th><strong>COMMUNITY RESILIENCE</strong></th>
<th><strong>COLLABORATION &amp; TRANSPARENCY</strong></th>
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<tbody>
<tr>
<td></td>
<td>How to support universal access to energy and a net-zero emissions world</td>
<td>How to ensure that the journey for the company’s workers is just</td>
<td>How to ensure that the journey for communities affected directly and indirectly by the company’s transition is just</td>
<td>How to bring everyone on the journey and support the just transition of other organizations</td>
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<tr>
<th><strong>TWO LEVELS</strong></th>
<th><strong>CORE PRACTICES</strong></th>
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<tr>
<td></td>
<td>What are the foundational ESG actions that companies could extend to a just energy transition context?</td>
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<tr>
<th><strong>CORE PRACTICES</strong></th>
<th><strong>JUST TRANSITION SPECIFIC PRACTICES</strong></th>
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<tbody>
<tr>
<td>• Pursue an ambitious timeline to carbon neutrality targets</td>
<td>• Advocate for policies and investments that support just energy transition</td>
</tr>
<tr>
<td>• Work toward universal energy access</td>
<td>• Strive for consumer fairness, pre-empting or mitigating adverse impacts and sharing benefits</td>
</tr>
<tr>
<td>• Adhere to core labor and safety standards</td>
<td>• Develop a responsible strategy for converting, retiring, or sale of assets</td>
</tr>
<tr>
<td>• Promote diversity, economic inclusion, and equal access to opportunities</td>
<td>• Create decent jobs through low-emissions infrastructure</td>
</tr>
<tr>
<td>• Preserve biodiversity and regenerate infrastructure</td>
<td>• Commit to retain, retrain, and redeploy workers</td>
</tr>
<tr>
<td>• Support local development initiatives for communities dependent on assets</td>
<td>• Design innovative social protection measures to combat adverse impacts of low-carbon policy</td>
</tr>
<tr>
<td>• Ensure social dialogue with workers</td>
<td>• Engage and support suppliers in their just transition path</td>
</tr>
<tr>
<td>• Engage stakeholders in decision making</td>
<td>• Nurture competitive, local supply chains</td>
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<td></td>
<td>• Work with educational institutions to bridge anticipated skill gaps</td>
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<td></td>
<td>• Develop a time-bound just transition plan and disclose progress against it</td>
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<tr>
<td></td>
<td>• Partner across sectors to scale new ventures with sustainable employment opportunities</td>
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<tr>
<td></td>
<td>• Share knowledge and best practices with industry peers and other organizations</td>
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Perspectives from WBCSD’s Energy Pathway and its member companies

Achieving a just transition in the energy system
The energy system plays a pivotal role in the transition to a just, net-zero carbon economy. The speed of the system’s decarbonization while growing to satisfy increasing demand will critically influence the ability to limit global warming to 1.5°C above pre-industrial temperature levels. The successful decarbonization of the system will require unprecedented transformation involving large-scale capital investments in new energy technologies and means of energy production, and changes to energy sourcing at a global level. The current geopolitical landscape and challenges in ensuring energy security and affordability contribute additional complexity to this transformation.

WBCSD’s Energy Pathway brings together forward-thinking companies spanning the energy value chain to design a net-zero carbon, nature-positive and equitable energy transformation and to scale innovative business models for low-carbon energy solutions.

Through a series of dialogues in recent months, companies from the Energy Pathway have used the Council for Inclusive Capitalism’s Just Transition Framework to exchange insights and explore emerging best practices in advancing a just transition to a net-zero carbon energy system.

These discussions have uncovered innovative solutions that companies are already furthering, which we detail in case studies in section 4 of this report. In addition, we have distilled overarching insights in relation to the Just Transition Framework’s four pillars of action.

### Pillar 1: Universal net-zero energy

- There is an urgent need for companies’ transition plans to address mounting energy poverty by including specific initiatives to support customers in the context of the financial challenges they are facing. For energy consumers around the world, increasing energy prices are already contributing to an escalating cost-of-living crisis. In the US, for example, 1 in 6 families are unable to pay utility bills, with demand for assistance at its highest level since 2009.

- Energy companies also have an important role to play in the realization of universal energy access through the deployment of renewable energy technologies in remote locations and in marginalized communities. Energy companies have a clear opportunity to collaborate with non-governmental organizations (NGOs), investors and governments to help the communities most at risk to secure reliable energy access. This will require increased investments into appropriate energy infrastructure backed by further investments in education, innovation and ecosystem services. Innovation in low-carbon technologies and services will offer critical solutions to help provide energy security for those living in remote, off-grid areas or for those with no or unreliable energy supplies, where public energy infrastructure is often lacking.

### Pillar 2: Workforce evolution

- Energy companies must strive to ensure all new jobs created in the green energy industry are both decent and inclusive. As a foundation, companies should ensure that any new investment in infrastructure and operations creates secure, high-quality jobs that respect labor rights, provide decent wages, benefits and social security, as well as ensuring worker safety and opportunities for training and promotion.

- Companies can also invest in initiatives that help to train young workers, including through career-connected learning experiences such as apprenticeships, and through multi-generational skills exchange programs.
Company transition plans must support workers at all levels with tailored action plans for retraining and upskilling. The changes occurring throughout the energy system are immense and companies should act intentionally and proactively to support their workforces through this change. The energy system employs over 65 million people. While it is estimated that the energy transition will produce a net increase of 10-20 million jobs by 2030, workers risk losing their jobs if they are unable to acquire the skills needed for future green jobs in the low-carbon energy industry. Despite a generally high level of skill transferability from “brown” energy to “green” energy jobs, the jobs of many workers will cease to exist in a low-carbon energy future. Even where skills are transferable, many workers will still need to navigate the additional training requirements needed for an estimated 60% of new clean energy jobs. Energy companies will have to accelerate the upskilling of their current workforce to ensure sufficient capacity and capability, while also implementing measures to protect marginalized groups from suffering further disadvantages due to additional skill and qualification requirements. Workforce strategies should explore a range of upskilling solutions, including innovation and technology-based solutions, to retrain and empower workers to thrive.

Energy companies will need to collaborate more with industry, government and educational institutions to address the needs of workers at scale. Working closely with governments will enable energy companies to advocate for policies and increased investment in support of the upskilling of existing and future workers. These policies could also help address common workforce equity challenges by focusing on creating high-quality accessible jobs that are targeted towards marginalized groups within society or those most impacted by the transition. Meanwhile, it will also be important for the private sector to proactively transmit clear demand signals for the green skills companies need now and expect to need in the future, both to young people directly and to a range of stakeholders spanning the education system.

Embracing innovation will help energy companies to identify new solutions to address the transition impacts felt by communities. The transition provides a huge opportunity for the complete transformation of local economies that depend heavily on fossil fuels. Addressing impacts associated with the transition will require innovation in technologies, practices, processes and systems. Innovating social engagement processes and practices will help facilitate the identification of new opportunities and initiatives in support of the socioeconomic development of impacted areas.

Pillar 3: Community resilience

Energy companies must act to understand and address the disruptions communities, supply chains and wider stakeholders are facing in the transition to net-zero carbon energy systems. Energy companies will need to effectively consider and address the potential negative impacts that can and have arisen as a result of the transition, including widespread job losses, supply chain instability, economic deprivation and poor environmental resilience. Companies should proactively contribute to local and regional long-term strategic planning initiatives by collaborating with all relevant actors (including other employers, workers, affected communities and governments), making sure that these plans place people at the center of the transformation and are backed by adequate financial investments, supporting positive social outcomes for the most vulnerable.
Pillar 4: Collaboration and transparency

- Central to a successful just transition in the energy system will be proactive collaboration between energy companies and key stakeholders, such as policymakers, local governments, local businesses, regulators, workers’ unions and community representatives. In developing plans for a just energy transition, it is vital that energy companies proactively identify these stakeholder groups, making sure to focus specifically on the most vulnerable and those who are at greatest risk of negative impact. Companies should also remain transparent regarding their just energy transition efforts, disclosing progress against their plans in a timely and regular fashion. Specific examples of good practice engagement include:

  - Working closely with the public sector. Companies have the expertise and therefore the opportunity to play a leading role in making the markets of the future just, serving the needs of both suppliers and consumers. In the medium to long-term, electricity markets will need to be (re)designed on the basis that renewable technologies are providing the majority of power. This will involve a complex set of interlinked changes, requiring public and private collaboration to achieve optimal market design that serves both industry and consumers.

  - Pioneering new and innovative methods of engagement with local communities and workers, such as through online collaboration platforms, designed to promote inclusivity of all stakeholders impacted by change.
4 Case studies
Case studies

We have drawn the case studies in this section from in-depth consultations with our member companies from the energy system whose operations extend globally. Each case study is a real-world example of an energy project with strong just transition aspects. The following table provides an overview of the different case studies highlighted.

<table>
<thead>
<tr>
<th>Case study name (location)</th>
<th>WBCSD member company</th>
<th>Project(s) scope</th>
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<tbody>
<tr>
<td>Yallourn Transition Program (Australia)</td>
<td>CLP Group/ EnergyAustralia</td>
<td>Keeping employees and communities at the heart of decision-making while embarking on efforts to close Australia’s oldest coal-fired power station</td>
</tr>
<tr>
<td>Developing leading nuclear and renewable energy industries (Global)</td>
<td>EDF (Électricité de France)</td>
<td>Minimizing negative social impacts and fostering opportunities while accelerating the transition to net-zero carbon energy in France and around the world</td>
</tr>
<tr>
<td>EDP’s Access to Energy (A2E) fund (Kenya)</td>
<td>EDP (Energias de Portugal)</td>
<td>Investing in projects to address energy poverty while empowering communities to live sustainably</td>
</tr>
<tr>
<td>Empire Wind project, New York (USA)</td>
<td>Equinor</td>
<td>Developing offshore wind projects while engaging with local community groups and generating long-term career opportunities</td>
</tr>
<tr>
<td>Asturias windfarms and solar plant in Palencia (Spain)</td>
<td>Iberdrola</td>
<td>Decommissioning coal-fired power plants and reskilling employees to work on wind farms</td>
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</tbody>
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CLP

Keeping employees and communities at the heart of decision-making while embarking on efforts to close Australia’s oldest coal-fired power station

Established more than 120 years ago, the CLP Group is one of the largest investor-owned power businesses in Asia-Pacific. Its business spans the entire electricity value chain, including retail, transmission and distribution, along with a diversified portfolio of generation assets. Operating in five key markets, it employs over 8,000 people and services more than 5 million customer accounts.

CLP has set a target to achieve net-zero GHG emissions across its entire value chain by 2050. As part of its sustainability approach, the group is committed to a just transition and navigating environmental, social and economic needs alongside an evolving regulatory landscape.

PROJECT SPOTLIGHT: YALLOURN TRANSITION PROGRAM

CLP completed the acquisition of energy retailer EnergyAustralia in 2011. The Melbourne-based subsidiary, which has more than 2,000 employees, supplies electricity and gas to over 2.4 million customers throughout the country. In 2021, the company released plans to close the Yallourn power station, Australia’s oldest coal-fired power station, in 2028. The power station produces one-fifth of Victoria’s power supply, powering around 2 million homes and contributing over 15% of the state’s emissions. Through the closure of the plant, EnergyAustralia aims to reduce its direct CO₂ emissions by 60%.

A highly skilled workforce maintains the power plant. There are over 500 permanent employees, with workforce numbers increasing to up to 1,000 during major maintenance periods.
JUST TRANSITION ACTIONS

Workforce evolution

EnergyAustralia is committed to engaging with each and every employee that the closure of the Yallourn Power station will impact. The lengthy advance notice of closure will allow the company to provide adequate support for its employees. EnergyAustralia has committed to an AUD $10 million support package to support workers through a range of initiatives, including:

- Personalized career plans;
- Support for all reasonable training identified by the employee;
- Individual career coaching;
- Financial advice and planning;
- Small business seed funding;
- Links to employment opportunities and redeployment assistance.

With over 60% of current employees indicating that they wish to continue residing in the region, EnergyAustralia has ensured it considers potential local replacement job opportunities. It has set up a partnership with a local offshore wind farm in the Gippsland region. Analysis underway suggests over half of the skills required for jobs in coal stations are transferable to wind farms. EnergyAustralia has committed to engaging with workers who wish to be redeployed to bridge the skills gap and enable them to transition to a secure job.

Community resilience

EnergyAustralia has acknowledged that Yallourn operates on traditional lands of the indigenous Australian Braiakaulung people and understands that their culture and traditions are intrinsically linked to the land. In the lead up to the closure of the site, the company is committed to ensuring local communities do not suffer adverse impacts. The closure plans incorporate:

- Forums and smaller face-to-face sessions with local groups and communities to ensure all are clear on plans;
- Community grant and sponsorship schemes;
- Continued leveraging of local suppliers and additional local workers for power station maintenance;
- Regular meetings with local unions;
- Participation in local representative groups, such as the Committee for Gippsland which looks at options for driving additional investment into the region;
- Engaging with local communities and industries to determine the most appropriate and beneficial use of the land post-closure.
EDF (Électricité de France)

Developing leading nuclear and renewable energy industries in France that leverage local people, skills and businesses

EDF is a French multinational electric utility company, largely owned by the French state, serving 38.5 million customers worldwide and employing over 165,000 individuals. According to Enerdata, the company is the world’s largest producer of energy with zero direct CO2 emissions. Since 2021, EDF has been publishing its annual just transition principles and its proof of impact for the building of a net-zero energy future that helps save the planet, drive well-being and promote economic development. The electric utility company promotes an energy transition that is fair and just, ensuring low-carbon energy is accessible for all.

PROJECT SPOTLIGHT: GLOBAL EFFORTS TO ACCELERATE THE TRANSITION TO A NET-ZERO CARBON ECONOMY

In 2022, nearly 94% of EDF Group’s investments contributed directly to decarbonizing the economy through the development of nuclear and renewable energy alternatives, such as hydroelectricity, wind, solar and offshore wind farms. As part of its commitment to a just transition, a key priority for EDF is generating quality employment opportunities that contribute to the French renewables industry.

The group is also committed to exiting coal by 2030 in all of the geographies in which it operates. EDF shut down more than 33 coal-fired units and 15 oil-fired units in Europe between 1995 and 2022. As the company navigates the energy transition, it aims to minimize the negative social impacts associated with these closures, including job losses.
JUST TRANSITION ACTIONS

Workforce evolution
The nuclear industry is France’s third largest industrial sector, with 220,000 jobs spanning 3,200 companies. However, the industry is facing major recruitment challenges due to the increasing scarcity of nuclear skills and growing difficulties attracting talent.

In response to this, in 2021, EDF came together with 11 other companies to co-found the Université des Métiers du Nucléaire (UMN). Manufacturers and specialists in training and employment are working together at the university to deliver nuclear training programs that meet the recruitment needs for essential jobs in the industry.

EDF’s role in this national and local collaboration has been an essential part of developing crucial skills today that meet tomorrow’s energy needs while addressing global climate challenges.

Workforce evolution & community resilience
To support communities affected by plant closures, the company has prioritized the creation of low-carbon jobs in the French nuclear and renewable energy industries. To date, EDF has created 7,000 direct and indirect low-carbon jobs at its Fécamp, Calvados (Normandy) and Saint-Nazaire (Pays de la Loire) wind farm projects.

The company’s Saint-Nazaire wind farm project was the first commercial offshore wind farm built in France. EDF’s ambition for the project was to develop a new industrial hub surrounding the wind farm to promote wider economic and industrial growth in the region.

Its collaboration with GE Renewables and Prysmian on the project has involved more than 600 French companies and generated over 1,000 jobs during the construction phase alone – with a further 100 long-term jobs generated during the maintenance phase.

EDF implemented measures to redeploy and retrain existing local workers and businesses to build the skills and capabilities that the project required. With the help of local stakeholders, the utility also supported a wide range of small and medium-sized enterprise (SME) partners by:

- Developing and sharing plans for future market requirements, including a description of activities, required competencies and skills, certifications, market structure and direct clients;
- Developing training programs to build skill capacity in areas in the offshore wind industry where they are needed;
- Establishing practical mechanisms in the tender qualification and selection process to aid SMEs, including setting up networking opportunities, publishing project plans in advance of consultations and brokering partnership opportunities with other businesses and groups.

Community resilience
As part of its commitment to promoting local economic activity in the areas affected by plant closures, EDF uses ecological transition contracts (ETCs) to help define the strategic transition priorities for the area. An ETC is a tripartite contract between the state, a local authority and a company, association or citizen and considers social, ecological and territorial impacts.

In 2016, EDF closed a thermal power plant in Aramon, in South-West France, and replaced it with a photovoltaic plant. The company’s use of an ETC enabled it to outline plans for the construction of the plant, alongside plans for a support program for local start-ups developing sustainable-energy solutions. The contract brought together the local start-up CleanTech (an organization providing services to accelerate sustainable technology innovations) and the government to advance the development of sustainable solutions and to understand how they could best contribute to the decommissioning of the plant.
Collaboration and transparency

EDF is working to make energy accessible to everyone, in all regions. This includes working with developing nations to support them in building sustainable energy infrastructure suited to local needs. The company closely monitors the social impact of each project by conducting environmental and social due diligence and by initiating dialogue with key stakeholders: employees, communities and local SMEs.

An EDF-led consortium is developing the Nachtigal hydroelectric project, a 420-megawatt hydroelectric power plant based in Cameroon. In 2014, the project initiated a comprehensive stakeholder engagement plan that has engaged over 5,000 stakeholders to date. A key component of this has been the convening of Community Concertation Forums, which have been held with 37 villages and have engaged impacted stakeholders, including village chiefs, women’s representatives and representatives from community groups such as farmers, fishers and sand miners. The meetings provide the groups with opportunities to raise any concerns related to the project, including compensation, employment and support for local initiatives and vulnerable households.

Once operational in 2024, the Nachtigal hydroelectric dam in central Cameroon will supply almost 30% of the country’s electricity needs. The project will meet growing demand for electricity by producing locally available, low-emissions energy (845,000 tons of CO₂ avoided per year) and will also contribute to the creation of more than 23,000 direct and indirect jobs.
EDP (Energias de Portugal)

Investing in projects to address energy poverty while empowering communities to live sustainably

EDP, a Portuguese energy provider, is present in 29 markets worldwide and employs over 10,000 people. The company is paving the way to a just transition among energy providers, with plans to invest USD $24 billion into renewable energies and energy management.

EDP ambition is to power communities and to empower them to live green and sustainable lives, ensuring nobody is left behind along the way.

PROJECT SPOTLIGHT: ACCESS TO ENERGY (A2E) FUND

EDP launched its Access to Energy (A2E) fund in 2018 to support renewable energy projects that promote environmental, social and economic development. The fund specifically targets rural communities in developing countries that are not connected to mains electricity due to limited access to energy. The A2E fund focuses on five major sectors to which energy makes a crucial contribution: education, health, water and agriculture, communities and businesses.

In 2022, the company doubled the fund’s annual budget to EUR €1 million per year. Since the start of the initiative, EDP has selected 28 projects in 7 African countries (Mozambique, Malawi, Nigeria, Kenya, Tanzania, Angola and Rwanda) that have directly impacted the lives of 120,000 beneficiaries and over 2 million people indirectly. The initiative reaffirms the company’s commitment to sustainable development while addressing energy poverty, which impacts more than 700 million people globally.
JUST TRANSITION ACTIONS

Universal net-zero energy
One project that the A2E fund has advanced is an initiative led by the Co-operative Bank Foundation. The fund has so far partnered with seven schools in arid and semi-arid areas in rural Kenya to install 12 solar-powered greenhouses. The greenhouses provide students with the opportunity to learn and apply new agricultural techniques and help them develop entrepreneurship and business management skills. The fact that the greenhouses are solar-powered also helps avoid carbon emissions.

The crops grown include vegetables and fruits, which the schools consume themselves. Students are also able to sell surplus crops at local markets and use the funds for innovative projects they propose, following an “earn as you learn” model. The project has also disseminated knowledge and best practices for the use of sustainable energy among local communities more broadly. Over 10,000 individuals have benefitted from the project to date and the Co-operative Bank Foundation has plans to roll out the initiative to schools in other parts of Kenya.
Equinor

Realizing an energy transition that is just and inclusive, supporting local workforces and communities

Equinor is an international energy company based in Norway. Its 21,000 employees are developing oil, gas, wind and solar energy in some 30 countries worldwide, providing energy to 170 million people every day. Equinor recently released its energy transition plan, which outlines how the company is progressing on its 2050 net-zero ambition through short-term actions and medium-term ambitions.

PROJECT SPOTLIGHT: EMPIRE WIND PROJECT

In 2022, Equinor signed an agreement with New York City’s Economic Development Corporation (NYCEDC) to transform the South Brooklyn Marine Terminal (SBMT), a 73-acre unused port at the Sunset Park waterfront. The transformation is part of a strategic 50-50 partnership between Equinor and bp with ambitions to develop New York as an offshore wind industry hub.

Collectively, Equinor and bp plan to invest USD $250 million to upgrade infrastructure at the SBMT and transform it into a low-emissions facility. The project will support New York State in achieving its climate goals. The Empire Wind project, located 15-30 miles southeast of Long Island, will generate approximately 2.1 GW of offshore wind energy – enough to power more than 1 million New York homes.
**JUST TRANSITION ACTIONS**

**Collaboration and transparency**

In preparation for this development, Equinor has engaged with a range of local community groups on its plans to transform the port. Conversations with local business owners, residents, community groups and elected officials have focused on maximizing the potential of the Sunset Park waterfront district while promoting environmental, workforce and community resilience.

**Workforce evolution**

The Empire Wind project is expected to generate 1,000 short-term jobs and a further 200 long-term jobs by 2028. To effectively fulfill the demands of the project, Equinor has produced a workforce development plan in partnership with stakeholders to address the skills gap between local workers and the requirements of the project. To further support this, Equinor and bp have also partnered with the NYCEDC to establish a USD $5 million Offshore Wind Ecosystem Fund, which has three key objectives:

1. Develop career pathways in the offshore wind ecosystem supported by job education and training;
2. Support New Yorkers from historically marginalized communities by prioritizing access to workforce and business opportunities;
3. Grow the green energy system in New York City by supporting and fostering innovation among local small, minority- and women-owned businesses.

In addition to this, the Empire Wind project has committed to establishing a first of its kind Offshore Wind Learning Center in close proximity to the SBMT to provide learning and workforce development opportunities to the city’s residents and beyond. Equinor’s collaboration with local unions is helping promote these opportunities among low-income residents and those seeking employment.

**Community resilience**

To ensure that the Empire Wind project works alongside local communities and their representatives, Equinor has assembled a team of 15 specialists to promote meaningful stakeholder engagement starting early in the project. The company has committed – in line with community expectations – to building a workforce that reflects the local population, and to addressing local needs, such as for sustainable living wages.

To further contribute to building a robust offshore wind supply chain in the state, Equinor has also cooperated with New York University’s Urban Futures Lab (NYUUFL) and the National Offshore Wind Research and Development Consortium (NOWRDC) to support innovation in offshore wind technology. It will also develop an Innovation Hub adjacent to the Brooklyn project office in Sunset Park. This hub aims to identify and support cleantech start-ups whose technology will help address key challenges in the offshore wind industry. The chosen start-ups will receive tailored support from NYUUFL’s network of mentors, the NOWRDC and key policy figures.
Iberdrola
Putting people at the heart of solving just transition challenges

Iberdrola is a multinational electric utility company based in Bilbao, Spain, with 34,000 employees serving 32 million customers. Iberdrola has been committed to clean energy for more than 20 years, with the objective of exceeding 60,000 MW of renewable capacity by 2025.

PROJECT SPOTLIGHT: SUPPORTING A JUST TRANSITION IN ASTURIAS

As part of its decarbonization efforts, in 2020 Iberdrola announced the closure of its last two remaining coal-fired power stations – its Lada plant in Asturias and its Veílilla plant in Palencia. Alongside decommissioning, which is taking place over a four-and-a-half-year period, the company has committed to new investments in renewables. In Asturias, this entails the development of four wind farms that will triple the region’s installed capacity; in Palencia, it means the construction of a 400 MV photovoltaic plant (solar farm).

Investments in the projects amount to more than EUR €100 million and will create jobs for an estimated 2,000 people. The wind farms will generate enough energy to supply more than 100,000 homes and will prevent 65,500 tons of CO₂ emissions each year. In Asturias, the construction is helping to reactivate industrial activity and employment in the region, with local companies carrying out almost all field and civil engineering work.
**JUST TRANSITION ACTIONS**

**Workforce evolution**

Iberdrola has established a dedicated just transition program for Asturias so that the closure of the coal plant does not leave anyone behind. The company is retraining coal plant workers to perform operations and maintenance work on the four new wind farms under development.

**Community resilience, collaboration and transparency**

Iberdrola’s plans go beyond the protection and reskilling of its own workforce. The company has defined a number of areas of action related to the energy transition and its contribution to the socio-economic development of Asturias. These include:

- Increasing investment in renewables in the region;
- Committing to offer opportunities and contracts to local industry as a matter of priority;
- Training young people locally in the skills required to secure the jobs of tomorrow;
- Developing new innovation projects, such as the Citizens’ Innovation Platform.

**The Citizens’ Innovation Platform**

Iberdrola’s green recovery plan for Asturias includes the launch of a Citizens’ Innovation Platform to encourage entrepreneurial innovation. The platform aims to support and deliver initiatives that solve challenges associated with the energy transition and the socio-economic transformation of the Asturias region.

The platform’s innovative approach brings together people and organizations with a range of skill sets and expertise (across industry, civil society and public bodies) to work together on solving the complex technical, economic and social challenges presented by the closure of the coal plant and the transition to renewable power.

Its aim is to engage citizens and businesses in decision-making processes and put them at the heart of emerging solutions by connecting them directly with the institutions and policies that influence their energy transition experience.

Through the platform, Iberdrola listens to as many local people as possible to understand opinions and perceptions as well as potential challenges and opportunities arising from the energy transition in the area. The company then identifies initiatives and projects, new or existing, large or small, that could be of interest to the community and connects interested parties with these initiatives to co-create solutions.
Conclusions and call to action
Conclusions and call to action

WBCSD, the Council for Inclusive Capitalism and PwC UK aim for this report to stimulate further discussion on the role and responsibilities of companies and other stakeholders in furthering a just transition.

Moving forward, we encourage businesses from all sectors to consider their role in delivering a just transition to a net-zero carbon economy. To advance these efforts at the scale and pace required, it will be important for companies to step up efforts to:

• **Develop a robust just transition strategy rooted in stakeholder engagement and respect for human rights**
  Companies should develop robust and holistic just transition strategies that consider impacts on workers, suppliers, consumers and local communities – leveraging existing and emerging guidance, such as the Council for Inclusive Capitalism’s Just Transition Framework. Companies should find strategies and efforts to respect human rights and should ensure they have a commitment to continuous stakeholder engagement at their core – with a particular focus on engaging the most vulnerable.

• **Think global but act local**
  While companies can and should develop strategies at the global level, in reality there will be no one-size-fits-all solution. It will be important for companies to tailor the roll-out of just transition strategies to the needs of local communities, in collaboration with local partners.

• **Continue to share insights and emerging good practices**
  It will be important for companies to continue to share insights and lessons learned with peers and stakeholders across different sectors to continue to evolve best practices and to mainstream initiatives that effectively put people at the center of the transition to a net-zero carbon economy.

• **Engage and collaborate with policymakers and other key partners**
  Working closely alongside governments to create the right policy environments and explore public-private partnerships will be essential. At the same time, proactive engagement with other strategic partners, such as SMEs, the education system, unions, civil society groups, and residents’ associations will be needed.

• **Remain proactively transparent**
  To continue to foster trust and collaboration, companies should seek to uphold sustained transparency in their just transition efforts, disclosing progress on their plans in a timely and regular fashion and remaining open about evolving challenges.

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Council for Inclusive Capitalism Just Transition Commitments

To support the development of plans and practices for a just transition, the Council for Inclusive Capitalism has created a learning platform for companies to share forward-looking just transition actions that align with the framework. The platform also provides a number of learning resources. The Council for Inclusive Capitalism invites all companies to make use of these resources and to share their own actions and learning.
Endnotes


3 WBCSD worked with the UN Global Crisis Response Group throughout 2022 to find solutions to the ongoing energy crisis. Details on our work can be found at https://www.wbcsd.org/Pathways/Energy/Resources/UN-Global-Crisis-Response-Group-Brief-No.3-Global-impact-of-war-in-Ukraine-Energy-crisis.


Achieving a just transition in the energy system
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CONTRIBUTORS

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DISCLAIMER

This publication has been developed in the name of WBCSD. Like other WBCSD publications, it is the result of a collaborative effort by members of the secretariat and senior executives from member companies. A wide range of member companies reviewed drafts, thereby ensuring that the document broadly represents the perspective of WBCSD membership. Input and feedback from stakeholders listed above was incorporated in a balanced way. This does not mean, however, that every member company or stakeholder agrees with every word.

ABOUT PwC

PwC is a professional services firm, supporting clients across a number of service areas, bringing together a community of solvers and taking a human-led, tech-powered approach to building trust and delivering sustained outcomes. PwC’s purpose is to build trust in society and solve important problems. ‘PwC’ refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

ABOUT THE COUNCIL FOR INCLUSIVE CAPITALISM

The Council for Inclusive Capitalism is a global nonprofit organization established to harness the potential of the private sector to create a more inclusive, sustainable, and trusted capitalism. The Council is guided by faith-based and ethical leaders, and it is led by a core group of global CEOs and public leaders who take concrete actions to enable a more inclusive capitalism and who convene annually to advance the Council’s mission.

Further information can be found at https://www.inclusivecapitalism.com.

ABOUT WBCSD

WBCSD is the premier global, CEO-led community of over 200 of the world’s leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future.

We do this by engaging executives and sustainability leaders from business and elsewhere to share practical insights on the obstacles and opportunities we currently face in tackling the integrated climate, nature and inequality sustainability challenge; by co-developing “how-to” CEO-guides from these insights; by providing science-based target guidance including standards and protocols; and by developing tools and platforms to help leading businesses in sustainability drive integrated actions to tackle climate, nature and inequality challenges across sectors and geographical regions.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD $8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability, united by our vision of a world in which 9+ billion people are living well, within planetary boundaries, by mid-century.

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