

# Captialised Charity: Approach



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# Just transition - grants

A just transition to a net zero economy addresses the associated social risks and opportunities to ensure a rapid and resilient transition. We wish to see the risk of 'stranded communities' addressed as well as 'stranded assets' and climate action accelerated in a way that leaves no-one behind and results in a fairer and more sustainable system.

Our focus has been on the energy market, which is a key sector for success and facing fundamental market disruption.

## Grant-making:

- London School of Economics Grantham Institute 'Investing in a Just Transition' programme:
  - Analysis and investor guidance on integrating the social dimension into climate strategies, covering shareholder engagement and capital allocation.
- Forum for the Future and Influence Map: energy market transition
- Riding Sunbeams, Energy Garden and others: community energy



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# Just transition – shareholder engagement

Background:

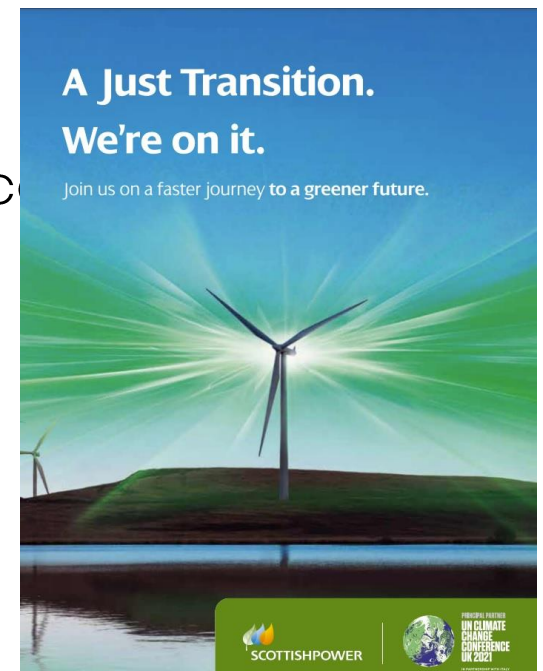
- Shareholder engagement with energy utilities operating in the UK
- Partnered with Royal London Asset Management (RLAM)
- Companies engaged: SSE, Centrica, Scottish Power, EDF, E.On, RWE, Drax, and National Grid

Results:

- World's first formal Just Transition strategy – SSE plc (November 2020)
- Just Transition included in E.On's decarbonisation strategy (March 2021)
- Formal Just Transition strategies from EDF, Centrica, and Scottish Power (deadline C



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# Expectations for energy utilities' just transition strategies

## Workers:

- Workers reskilling and redeployment, considering increased roles for renewable energy, electrification and digitisation, grid flexibility and demand management, heat decarbonisation, and energy efficiency.
- Provision of good quality new jobs with full adherence to International Labour Organization (ILO) Core Conventions, e.g. collective bargaining; and improving diversity and inclusion.

## Community:

- Fossil fuel site reuse to maximise retention of good quality jobs and utilise legacy grid infrastructure.
- Partnerships with local authorities and communities, including offering community ownership stakes in new renewable energy generation, and collaborations on local energy markets, demand management, and efficiency.



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# Expectations for energy utilities' just transition strategies

## Supply chain:

- Place-based emphasis on suppliers and services for new infrastructure, and seek to add value to communities where they operate.
- Supplier standards covering labour, human rights and sustainability. E.g. adherence to the UN Global Compact and ILO Core Conventions throughout the supply chain.

## Consumers:

- Energy affordability and fuel poverty alleviation, including energy efficiency and heat decarbonisation, and equitable distribution of system transition costs.
- Support for consumers, including vulnerable groups, to actively participate in the energy transition, including onsite generation, storage, and demand management.








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# Best Practice SSE Strategy

## SSE'S 20 PRINCIPLES FOR A JUST TRANSITION

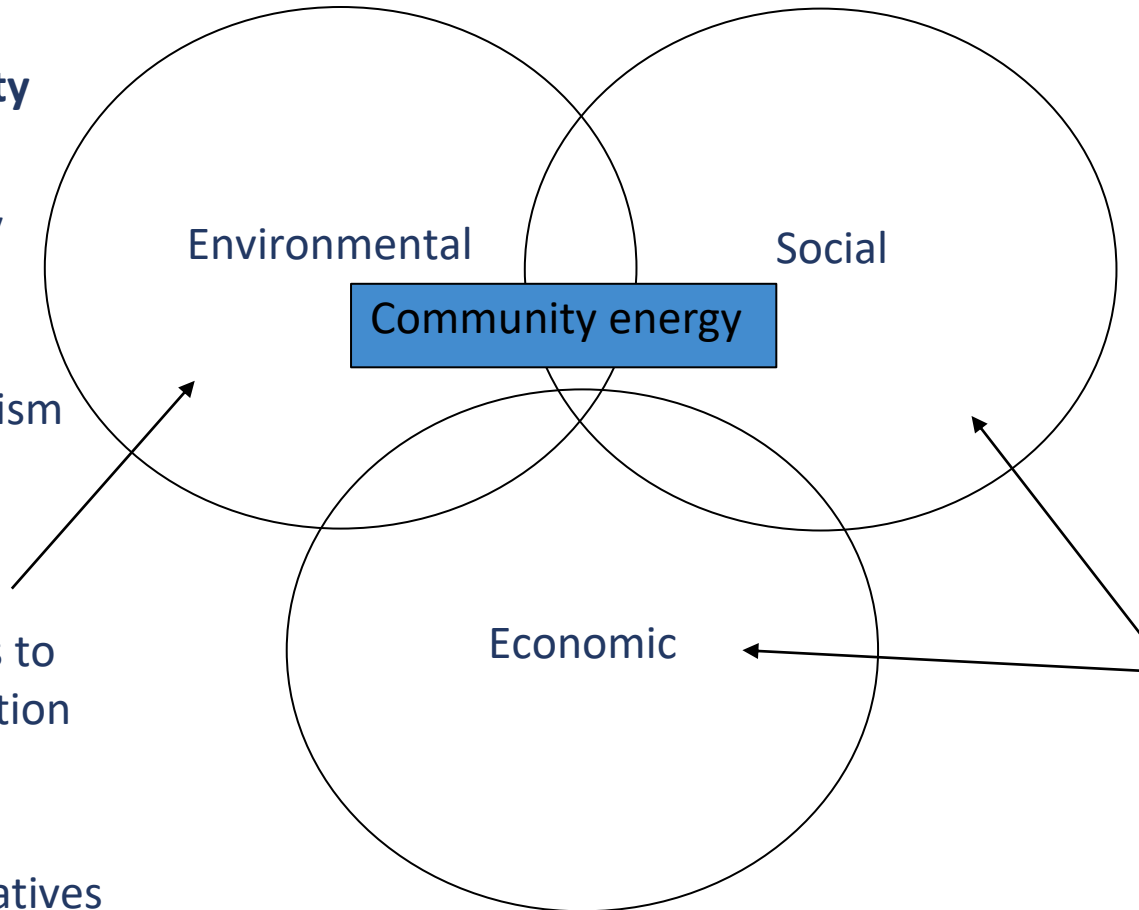
TRANSITIONING INTO A NET-ZERO WORLD			TRANSITIONING OUT OF A HIGH-CARBON WORLD	
 <p><b>SSE'S PRINCIPLES FOR GOOD, GREEN JOBS</b> (page 9)</p>	 <p><b>SSE'S PRINCIPLES FOR CONSUMER FAIRNESS</b> (page 12)</p>	 <p><b>SSE'S PRINCIPLES FOR BUILDING AND OPERATING NEW ASSETS</b> (page 13)</p>	 <p><b>SSE'S PRINCIPLES FOR PEOPLE IN HIGH-CARBON JOBS</b> (page 15)</p>	 <p><b>SSE'S PRINCIPLES FOR SUPPORTING COMMUNITIES</b> (page 18)</p>
<ol style="list-style-type: none"> <li>1. Guarantee fair and decent work</li> <li>2. Attract and grow talent</li> <li>3. Value employee voice</li> <li>4. Boost inclusion and diversity</li> </ol>	<ol style="list-style-type: none"> <li>5. Co-create with stakeholders</li> <li>6. Factor-in whole-system costs and benefits</li> <li>7. Make transparent, evidence-based decisions</li> <li>8. Advocate for fairness</li> </ol>	<ol style="list-style-type: none"> <li>9. Support competitive domestic supply chains</li> <li>10. Set social safeguards</li> <li>11. Share value with communities</li> <li>12. Implement responsible developer standards</li> </ol>	<ol style="list-style-type: none"> <li>13. Re-purpose thermal generators for a net-zero world</li> <li>14. Establish and maintain trust</li> <li>15. Provide forward notice of change</li> <li>16. Prioritise retraining and redeployment</li> </ol>	<ol style="list-style-type: none"> <li>17. Deliver robust stakeholder consultation</li> <li>18. Form partnerships across sectors</li> <li>19. Promote further industrial development</li> <li>20. Respect and record cultural heritage</li> </ol>



# Just transition - community energy

## Climate change & sustainability

- Reduce carbon emissions
- Increase renewable energy capacity
- Increase public support & dramatically reduce nimbyism towards renewable energy projects
- Attract new individuals, communities & institutions to invest in low-carbon transition
- Opens way to engage communities on other sustainability issues & initiatives
- Key role as part of a just transition, ensuring no one left behind



## Regeneration & resilience

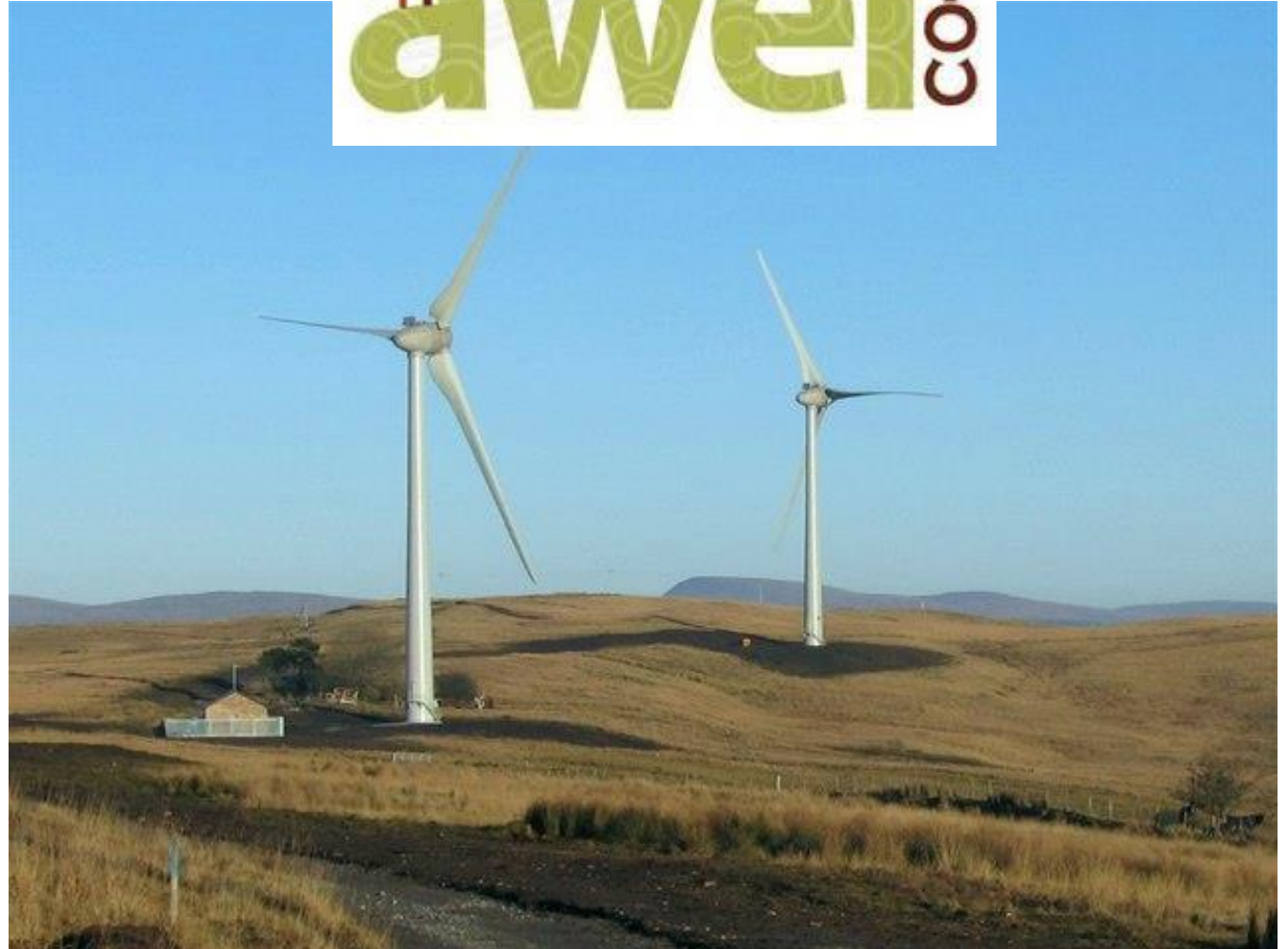
- Creation and democratic control of community assets
- More value and profits retained within the community
- Creation of more local jobs and sub-contracting
- Creation of an income stream for the community's benefit & community controlled
- Examples of meeting local needs: fuel poverty alleviation, funding other community assets, youth training, filling public service gaps, Covid19

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# Just transition – impact investing

## Awel wind co-op – two turbine 4.7MW project

- Deprived former coal mining community 20 miles from Swansea, South Wales
- Surplus paid to Awl Aman Tawe Charity to address local fuel poverty, develop more renewable energy & run climate change projects in the community
- Expected to be £3 million over lifetime of project
- Enough clean energy per year for over 4,000 homes
- Community share offer
- 5% return (has paid out every year)





# Just transition – impact investing

## Energy Garden

- 26 community gardens on London over-ground railway stations, funded by a portfolio of community owned solar arrays on Transport for London property and track side. Energy sold via pioneering Social Premium Power Purchase Agreements.
- Impact: urban food growing & biodiversity, education (school programmes), youth training (paid & accredited internships), air quality, carbon reduction, community wellbeing (100s of volunteers), commuter mental health, & public awareness (15,000 passenger visits per day per station)
- Measurable impact with data dashboard and Social Return On Investment calculator
- New community share offer, closes end October 2022, expected 5.5% financial return, £3 social return per £1 invested

