

# Stewarding a just transition: frontiers of practice in listed equities

**Emerging Best Practice for Just Transition  
Finance: Paper 4**

**Arka Chanda**

Policy report

May 2026



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# Summary

Listed equity markets represent one of the most significant pools of capital with direct exposure to sectors central to a low-carbon transition, and therefore also to just transition risks and opportunities. However, while climate change has received considerable attention in listed equity markets and strategies, the integration of just transition considerations within these markets and strategies remains comparatively nascent. Understanding what is happening on the frontlines, or 'frontiers', of current just transition practice in listed equities is therefore timely and necessary.

To advance our understanding, we analyse just transition practice across 26 investment managers (IMs) that invest in listed equities and have a strong focus on sustainable and socially responsible investing. We assess the policy and reporting documentation provided by these IMs and through a series of semi-structured interviews, elicit their views on the frontiers, opportunities and barriers for action on the just transition in listed equities.

## Key findings

There are several examples of well-developed policies on just transition in listed equity investment, and within the sample of IMs examined, just transition is widely recognised. Out of the 26 IMs in our sample, 17 explicitly address just transition issues. Overall, just transition issues are viewed through a relatively broad lens – considering not just workers, but also community impacts and marginalised populations. Moreover, there is an emphasis on delivering positive contributions, in addition to mitigating just transition risks. While these commitments in company policies are encouraging, evidence on how this translates into practice is mixed.

In practice, just transition remains a low priority, with activity concentrated in a few leading IMs, and focused mostly on the energy and mining sectors. Of the approximately 600 total explicit and implicit references to just transition recorded, 47% are from five IMs – suggesting that just transition activity is concentrated in just a few leading managers. Across the semi-structured interviews, just transition was generally considered a low priority for engagement, reflecting resourcing constraints in stewardship teams who are often forced to prioritise other issues, including governance and administrative concerns or other sustainability issues, deemed more material. However, there is growing activity in specific sectors. Out of the 34 individual engagements relevant to just transition identified, 22 relate to either energy and utilities or mining. Several investors focus specifically on 'just energy transition', noting that just transition-relevant risks and opportunities in other sectors lack clarity and detailed guidance.

Just transition has been addressed mainly through investor engagement, spanning both opportunistic and long-term engagement by individuals and coalitions of IMs, although evidence of impact remains limited and anecdotal. Engagement has largely focused on encouraging high-emitting companies to announce public commitments to the just transition, to integrate just transition into transition plans, or to improve disclosures on just transition. Disclosure requests have spanned a variety of metrics concerning workers, supply chains, communities and consumers, with IMs sometimes assisting in the development of these metrics. The results have been varied across and within the oil and gas, utilities and banking sectors, and appear to be mediated largely by company appetite to engage on just transition. However, where just transition risks have been clear and salient, identified for companies by IMs through both opportunistic dialogue and sustained engagement, IMs have seen some success. In particular, flexibility in how just transition is approached has been important; for example, by engaging on specific issues such as stakeholder consultation or workforce management without the label of 'just transition'.

IMs' ability to effectively engage on just transition is diminishing as geopolitical fragmentation generates headwinds for climate action, compounding the structural limitations of investor stewardship. The retreat from climate ambition worldwide has restructured engagement priorities for investors, making it harder to encourage a ratcheting up of ambition on the climate and just transition. Moreover, limited sector-specific guidance and expectations on just transition and resource constraints

facing stewardship teams at IMs restrict the depth and intensity of just transition engagement that is feasible.

## Insights for investors

1. **IMs can target outsized impact through strategic, collaborative and opportunistic approaches to engagement on just transition.** Engagement is likely to deliver meaningful outcomes where interventions are timed to coincide with moments where just transition is a salient concern, and where risks and opportunities are connected to company performance. Engaging individually on underlying issues, such as workforce planning or stakeholder engagement, can also be effective where just transition 'labels' cause friction.
2. **Long-term, sustained engagement is necessary to build company awareness and capacity to develop just transition strategies and implement sufficient disclosure.** The development of sector-specific expectations is important to provide practical benchmarks for company activity. IMs and asset owners should be proactive in raising just transition risks with their investee companies, set clear expectations, and support them in developing and implementing strategies to navigate these risks while maximising social opportunities. Importantly, this is a long-term process, as just transition remains an emerging sustainability topic with limited, but growing, guidance. Coalition-building can reduce costs and amplify investor voices in such engagements.
3. **IMs and investors can play an interlocutor role between standards setters, civil society and corporations to advance just transition practice on several fronts.** IMs can connect companies to relevant expertise and stakeholder networks, while engagement with non-profits and nongovernmental organisations (NGOs) can support credible, independent evaluation of company practice, especially in emerging market contexts. In the current geopolitical environment, IMs' convening power and credibility can aid advocacy for stronger policy, disclosure and risk management frameworks on just transition.

## Policy recommendations

1. **National governments should operationalise the just transition commitments outlined in their Nationally Determined Contributions (NDCs), providing a clear baseline for just transition practice by companies.** Many corporate transition plans depend on external factors, including supportive policy environments. Similarly, regulatory expectations for company practice in relation to addressing the risks and opportunities affecting workers, communities, suppliers and consumers can catalyse the integration of just transition in transition planning and practice. These expectations should be developed using participatory approaches, involving companies, communities, unions, policymakers and investors. In emerging markets, capacity building could be necessary to achieve these objectives — providing one potential application of the Just Transition Mechanism announced at the 30th meeting of the Conference of the Parties (COP30) in Belém, Brazil, in 2025.
2. **Multilateral and international NGOs should provide stable and coherent anchors for just transition, including concrete examples of good practice.** Consolidating just transition objectives at the international level, alongside practical guidance, would provide an important reference point for investors and companies across contexts. Integrating just transition considerations into existing international standards such as the International Finance Corporation's Environmental and Social Standards, or leveraging the Just Transition Mechanism to develop knowledge banks for good practice, would offer pragmatic ways forward.
3. **Financial regulators should encourage consideration of the intersection of social and environmental risks in investment strategies, building on existing disclosure frameworks.** Mainstreaming just transition in finance does not require new dedicated frameworks; encouraging investors to consider how environmental and social risks interact may be sufficient. Leveraging existing frameworks such as the UK's Sustainable Disclosure Regulation, the EU's Sustainable Finance Disclosure Regulation, or the Taskforce for Climate-related Financial Disclosure to incorporate social impacts and opportunities would provide tractable, scalable approaches to embedding just transition considerations across the market.

# 1. Introduction

This report presents an analysis of emerging best practice on just transition in listed equity markets. We consider the practices and policies of a subset of investment managers that invest in listed equities with a focus on sustainable and socially responsible investing. The analysis centres on how just transition considerations are embedded in investment policies and practice and aims to identify the frontiers of just transition practice in this asset class.

## Why a just transition?

**Just transition is a long-standing imperative of the low-carbon transition.** As enshrined in the Paris Agreement, embedding social impacts and opportunities into transition planning is essential for achieving an orderly and equitable transition to net zero greenhouse gas emissions. The term ‘just transition’ originates from labour movements in the 1970s seeking to integrate workers’ rights into environmental protection (Scottish Government, 2020). Since then it has come to encompass comprehensive agendas on inclusive climate action, including addressing the impacts of climate action on vulnerable communities and the mitigation of regional and intergenerational inequalities (Robins et al., 2024; Wang and Lo, 2021). Generally, just transition refers to considering the impacts of climate action on workers, supply chains, communities and consumers (Robins et al., 2021), or to the intersection of climate and environmental action with social equity and community voice issues (Impact Investing Institute, 2023a), yet there remains some variation across definitions.<sup>1</sup>

**The importance of developing inclusive transition strategies is increasingly being recognised, not just by governments and civil society, but also by institutional investors.** A just transition provides a useful framework for considering the social risks and opportunities of the low-carbon transition, which matter for investment portfolios. The Net Zero Investor Framework’s Supplementary Guidance on Just Transition (IIGCC, 2026) notes that integrating just transition principles into investment strategies can help manage systemic, operational, litigation, and policy and regulatory risks while driving long-term value creation. In particular, the uneven distribution of gains and losses from the low-carbon transition has profound implications for social cohesion and stability, creating the risk of ‘stranded workers’ and ‘stranded communities’ (Robins et al., 2018); at the same time, low-carbon projects are experiencing growing backlash from such communities, culminating in planning delays and operational disruptions that directly impact project bottom lines (Richani and St. Dennis, 2025). Inclusive approaches to transition planning and ensuring ‘no one is left behind’ therefore matter for the credibility of net zero strategies and are receiving attention as ‘execution risks’ (Prasad and Richardson, 2026).

**Despite some countries retreating from climate ambition, just transition issues remain on the international policy agenda — signalling potential future expectations for transition-relevant industries.** In particular, the announcement of the Just Transition Mechanism at the 30th meeting of the Conference of the Parties (COP30) in Belém, Brazil, in 2025 signifies the growing importance of just transition as an intersectional issue for climate action worldwide — at a time when low-carbon transitions face growing opposition. This is underscored by the increasing visibility and attention afforded to just transition concepts in national decarbonisation plans. The International Labour Organization (ILO) observes that references to ‘just transition’ appear in 79% of Nationally Determined Contributions (NDCs), while 90% of NDCs increasingly emphasise the importance of green jobs and employment (ILO, 2025). As countries make progress on operationalising their low-carbon commitments, it will be important for institutional investors, including asset owners and their IMs, to ensure that the companies and projects they finance are prepared to navigate the risks and opportunities that arise.

**Failing to manage the social dimension of low-carbon transitions could generate a wide range of investment risks that compound the impacts of climate change.** Although a range of operational, reputational and legal risks persist, a mismanaged transition that has negative impacts on social cohesion and stability would undermine the very policy environment on which the impetus for low-carbon transitions depend, exacerbating the risks of climate change which are well-understood to be significant.

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<sup>1</sup> See Appendix 2 for more detail on different conceptualisations of a just transition.

Just transition approaches enable investors and IMs to anticipate such risks and deliver strategies that help ensure that strong social considerations accompany climate action. As such, the integration of just transition considerations into investment strategies remains in line with fiduciary duty, and the creation of long-term value. Embedding just transition considerations into investment strategies also creates opportunities to align financial returns with positive social outcomes — a growing priority for investors with sustainability mandates.

**Listed equity markets represent one of the most significant pools of capital with direct exposure to sectors central to a low-carbon transition, and therefore to just transition risks and opportunities.**

Listed equity instruments can be used to invest in sectors such as energy, oil and gas, and the mining of transition minerals — which comprise companies that are at the forefront of just transition considerations for a variety of key stakeholders, including workers, suppliers, communities and consumers. While climate change has received considerable attention in listed equity markets and strategies, the integration of just transition considerations into these markets and strategies remains comparatively nascent. Understanding the frontiers of current practice is therefore both timely and necessary. In this report, we extend our analysis of emerging best practice on just transition finance to listed equities — having previously explored just transition practice in fixed income and private markets (Chanda and Tyson, 2026; Scheer et al., 2025; Tyson et al., 2025).

## The role of investor stewardship

**Stewardship is an integral part of generating long-term value for investments and is strongly associated with listed equities — with shareholder engagement and voting rights providing unique levers to influence corporate behaviour.** In the UK, stewardship is defined by the Financial Reporting Council (FRC) as the “responsible allocation, management, and oversight of capital to create long-term sustainable value for clients and beneficiaries”, encompassing both, how capital is allocated and how investors and IMs engage with their investee companies. As the Investment Association identifies, “the purpose of investors and their managers is to help create long-term value for their clients”, and the general work of allocating, overseeing and managing capital falls within the ‘umbrella’ of stewardship (Investment Association, 2026). Importantly, the concept applies to all asset classes — including fixed income and private markets — although the expectations for stewardship to extend to these instruments are relatively recent, and emerging (Investment Association, 2026). In listed equities, stewardship has been applied extensively to influence corporate behaviours on a range of environmental, social and governance (ESG) topics, including diversity and equality in employment and leadership, executive remuneration and climate action.

**Stewardship includes the process of capital allocation, as well as ongoing engagement with investee companies, and various stages of escalation.** The Investment Association identifies several activities that relate to stewardship in listed equities, ordered here by increasing level of intensity and encouragement for change:

1. **Research and investment choices:** applying a thorough research process and due diligence to inform investment and engagement strategies on material risks and opportunities
2. **Performance monitoring:** monitoring company performance against key targets, including sustainability targets
3. **Setting expectations:** articulating investor views on good practice, either through direct engagements or investor publications
4. **Bilateral engagement and dialogue:** initiating dialogue with management and board members to raise issues investors believe pose a material risk or opportunity for the company
5. **Collaborative engagements:** investors pool resources to engage and amplify their voices on specific issues
6. **Voting against company resolutions:** investors vote against company resolutions — often related to management or director appointments
7. **Filing shareholder resolutions:** investors file their own proposal on a specific issue, and call a vote

8. **Divestment:** where engagement has not shown any progress, investors can divest from the company.

**The option to escalate the intensity of engagement activity is an important accountability mechanism, and helps ensure investors and their IMs can actively resolve issues — although there are structural limitations.** The engagement activities above provide tractable mechanisms for investors and IMs to engage on just transition issues. For example, an investor can signal that just transition is a material consideration for an investee company, initiate collaborative and/or bilateral dialogue on this with the company, and where reaching a resolution is challenging, escalate through voting activities — although for emerging issues without established minimum standards, escalation to voting is unusual. Investors can also engage beyond the investee company with policymakers and regulators or industry bodies to enhance their policy advocacy. However, there are limits to investor engagement. Investors do not hold responsibility for managing companies, and can only encourage, not compel behaviours. If it is unlikely that a specific issue will be resolved, investors can divest or reduce their exposure to the company — but there are few levers an investor can pull thereafter. Quantitative study of the effects of investor engagement on emissions reductions suggests that engagement has not delivered statistically significant emissions reductions, despite the formation of large investor coalitions, holding almost 20% of voting share (Hastreiter, 2025).

**The role of investor stewardship in influencing corporate action on climate change is contested — which raises questions about its applications for just transition.** The Investment Association notes that stewardship in listed equities has had a ‘definitive impact’ on corporate climate risk management and disclosure (Investment Association, 2026). One example is several large UK investors voting against oil and gas company leadership appointees that refused to set emissions targets — “precipitating the incorporation of TCFD (Taskforce for Climate-related Financial Disclosures) in UK listing rules” (Investment Association, 2026). However, emerging academic findings suggest the causal link between investor influence and corporate climate action has been limited, especially with regard to reducing greenhouse gas emissions and target-setting (Hastreiter, 2025; Lieberknecht, 2024). Central to this debate is whether investors should hold equity in companies with business models that are incompatible with net zero targets — such as fossil fuel companies. Holding equity in these companies allows for sustained dialogue and engagement, and is particularly relevant for the just transition. High-emitting sectors have clear implications for just transition objectives such as re-deploying displaced workers and managing regional economic decline. However, where the influence investors can have is limited, the argument for divestment is that it reduces exposure to misaligned activities. One example is the Church of England Pensions Board divesting from oil and gas companies, including Shell and British Petroleum (BP), in 2023 — citing the limited influence of engagement in steering these companies towards a Paris Agreement-aligned pathway (Church of England, 2023).

**In the context of growing geopolitical fragmentation and the retreat of key jurisdictions from climate targets, there has been increasing pushback against investors engaging on climate change and related issues.** Oil and gas companies, in particular, have initiated public campaigns and legal proceedings against so-called ‘shareholder activism’. A notable example is Exxon. In 2024, the company sued its investors Arjuna Capital and Follow This for bringing a shareholder resolution on climate change and greenhouse gases (McCormick and Wilson, 2024). Exxon has also since introduced plans to limit shareholder activism by altering its proxy voting systems (Smyth and White, 2025) and initiated the process of re-domiciling its incorporation to a jurisdiction with more favourable regulations for the company (Smyth and Indap, 2026). Large investor coalitions on climate change such as the Climate Action 100+ (CA100+) initiative have also been subject to growing litigation, with accusations that the coalition is functioning as a ‘climate cartel’ (Committee on the Judiciary, House of Representatives, 2024) leading to the departure of over 70 IMs and investors from the initiative which had grown to over US\$60 trillion in assets under management (AUM) in 2021 (CA100+, 2026).

**Against this backdrop of growing headwinds for climate-focused stewardship, just transition considerations remain underexplored in listed equity markets — a gap that we address through this research.** While frameworks for integrating just transition into investment strategies are beginning to emerge — with investor-led approaches still evolving — practice remains nascent and unevenly distributed. Understanding where the frontiers of current practice are, and the extent to which they have

influenced corporate action on just transition, is therefore a valuable stocktake exercise for investors and policymakers seeking to scale up just transition-aligned finance. In this analysis, we aim to provide these insights by examining the investment policies and practices of a subset of IMs that focus on sustainable and socially responsible investments.

The report is structured as follows:

- **Section 2** explains the methodology, including the sampling process and the approaches taken to identify just transition in the desktop research and to conduct the semi-structured interviews.
- **Section 3** presents the findings from the desktop analysis and the qualitative insights obtained from the semi-structured interviews.
- **Section 4** presents our insights for investors and our policy recommendations.

## 2. Methodology

This section presents the methodological approach used in this report. It outlines the research questions, sampling approach and the process followed for the desktop analysis and semi-structured interviews carried out with a specialist sample of investment managers.

### Methodology overview

We identified a sample of IMs that invest in listed equities with a focus on sustainable and socially responsible investing. This means that the results do not reflect market-wide practice, but rather those practices of a subset of IMs believed to be leading on just transition. We reviewed each IM's publicly disclosed stewardship and responsible investment policies, as well as their impact reporting, and applied an evaluative framework (described below, and in further detail in Appendix 2) to assess the extent to which just transition, whether explicitly stated or unlabelled, is considered in their investments. This desktop analysis considered the scope and the scale of just transition ambition, the sectoral focus, and the influence IMs have had in shaping corporate action on just transition. We complemented the desktop analysis by conducting key informant interviews (KIs) with a subset of IMs from the sample to provide further qualitative evidence.

### Research questions

The overarching research question set was: **How do investment managers with sustainable and responsible investing practices embed just transition considerations into their investments in listed equities?**

We then set the following further research questions:

- **Research Question 1:** What **elements of a just transition** are considered by the sample of IMs, and why?
- **Research Question 2:** How are just transition elements, explicitly or implicitly, considered throughout the **investment lifecycle**?
- **Research Question 3:** What are the main **barriers** to either explicitly or implicitly integrating just transition considerations into investment strategies?

### Sampling

We initially applied a top-down sampling approach, starting with the Net Zero Asset Managers (NZAM) Initiative as of January 2025, and filtering for IMs that have specialist strategies in relation to sustainable and/or socially responsible investing. IMs were only considered if they primarily invest using a sustainable and socially responsible strategy and invest in listed equities.

However, in isolation, a top-down filtering approach would exclude large, diversified IMs that may also have well-developed engagement policies and strategies on just transition. To address this, following the filtering process, a qualitative overlay was applied to ensure that insights from IMs believed to be leading practice on just transition could still be captured. This part of the sampling process was conducted leveraging the history of engagement by the Just Transition Finance Lab, and its community of Fellows, advisors and experts.

The sample for this report consists of 25 IMs. A full list is provided in Appendix 1.

### Desktop research

For the desktop research component of this analysis we used documents available in the public domain. For each IM, a minimum of three documents were identified:

1. Policy on stewardship, voting, sustainability, or ESG
2. Reporting on stewardship, engagement, and/or impact

### 3. Product-level documentation for flagship sustainability products.

For each of these documents for each IM an evaluative framework was applied to identify references to just transition concepts. Overall, this approach followed Chanda and Tyson (2026) and included three steps: first, identifying elements of the just transition; second, identifying the just transition scope they refer to; and third, identifying the scale of ambition encoded within each reference.

#### Identifying just transition

The approach to identifying just transition in this analysis considered explicit as well as implicit references to just transition.

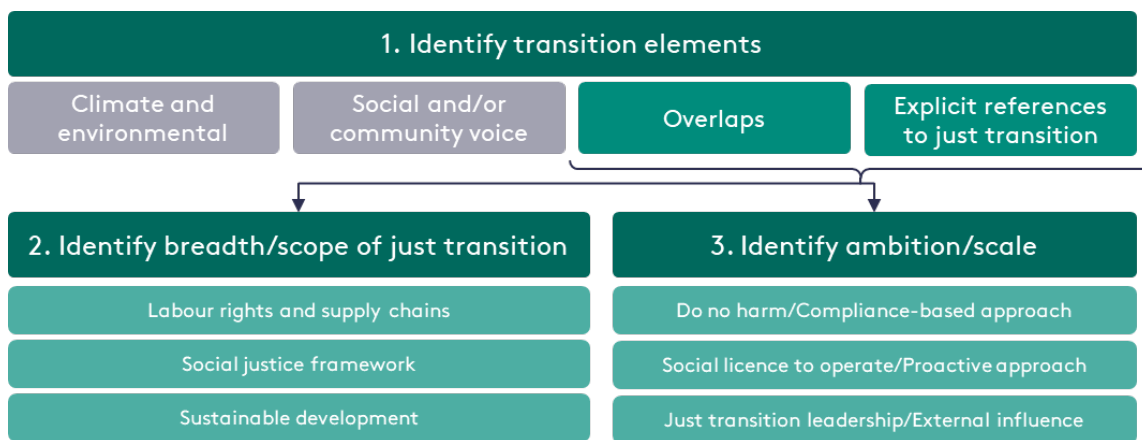
The first stage of the analysis involved reviewing each collected document to identify **references to climate and environmental, social and community voice issues** – as described in the Impact Investing Institute’s Just Transition Criteria as being the core components of a just transition (Impact Investing Institute, 2023a). Overlaps, or evidence that climate and environmental issues were considered jointly with social and community issues, were treated as implicit references to just transition. Simply listing climate and social concerns was not considered overlap. For example, listing environmental, social and governance factors in the same sentence would not be sufficient to be treated as implicit. However, where the intersection of these issues was considered for an investment, or recognised by the IM, this was noted as an overlap and therefore implicit for the purposes of this analysis. Explicit references to just transition and related terms such as ‘fair and inclusive transition’ were also counted.

Both explicit and implicit references to just transition were then mapped to the scope and scale of just transition they best corresponded to, as in Chanda and Tyson (2026). The **scope of just transition** refers to how broadly or narrowly the social dimensions of climate action are defined. At its narrowest, a just transition refers only to labour and human rights concerns emerging from the low-carbon transition. A broader scope would include communities and wider concepts of social justice – including procedural, redistributive and restorative justice; for instance, integrating participatory and inclusive processes into the design of transition investments. An even broader and more expansive definition would consider just transition as a subset of sustainable development objectives: advancing economy-wide transformations that pursue synergies in climate, environmental and socioeconomic objectives.

The **scale or ambition of just transition** ranges from ‘do no harm’ and fostering compliance-based approaches to proactive engagement above and beyond regulatory baselines, to actively shaping norms and practice in industry. These levels of ambition are categorised in this analysis as ‘do no harm’, ‘social licence to operate’ and ‘external influence’, respectively.

This process is summarised in Figure 2.1. Further detail on the elements, scope and scale of just transition, as applied in this analysis, is provided in Appendix 2.

Figure 2.1. Identifying just transition: process map



Source: Author

Claude for Education, from Anthropic, was used as a research tool to assist in extracting references to climate, social and community issues across documents. Thorough and consistent spot-checks were applied throughout to ensure no false references (or 'hallucinations') were present, and that the labelling of references in each of the three categories was accurate. All documents shared with artificial intelligence (AI) software were already available in the public domain. Importantly, Claude for Education is used solely to extract references from documents – identifying thematic references to climate, social and community issues, and where just transition is discussed explicitly. The components of this analysis that required qualitative judgement, such as identifying overlap between categories, or the scope and scale of just transition attached to each reference, were conducted entirely manually, without reliance on AI tools.

## Key informant interviews

Key informant interviews (KIs) were conducted with a diverse subset of the sample identified for this report. All members of the sample were invited to KIs; seven accepted. Interviews were conducted with team members who have both oversight of investments throughout the lifecycle and deep knowledge of the funds' sustainability practices. Across interviews, this typically included members and heads of sustainability teams.

The KIs conducted reflect a variety of perspectives and approaches to just transition in listed equities. For instance, the sample includes IMs that identify just transition explicitly in their engagement workstreams, as well as those that do not. It also includes IMs that are headquartered and operate across various geographies, including the Americas, Europe, Asia and Oceania, as well as IMs of varying scale. For example, the interviewees include large IMs with AUM greater than US\$1 trillion as well as IMs with AUM less than US\$100 billion.

All KIs were conducted as semi-structured interviews under the Chatham House Rule, with no comments in this report being assigned to any individual or organisation unless already available in the public domain. As such, although the IMs included in the sample are named, the interviewees and their affiliations are not disclosed anywhere in this report, without explicit permission.

### 3. Just transition frontiers in listed equity investment

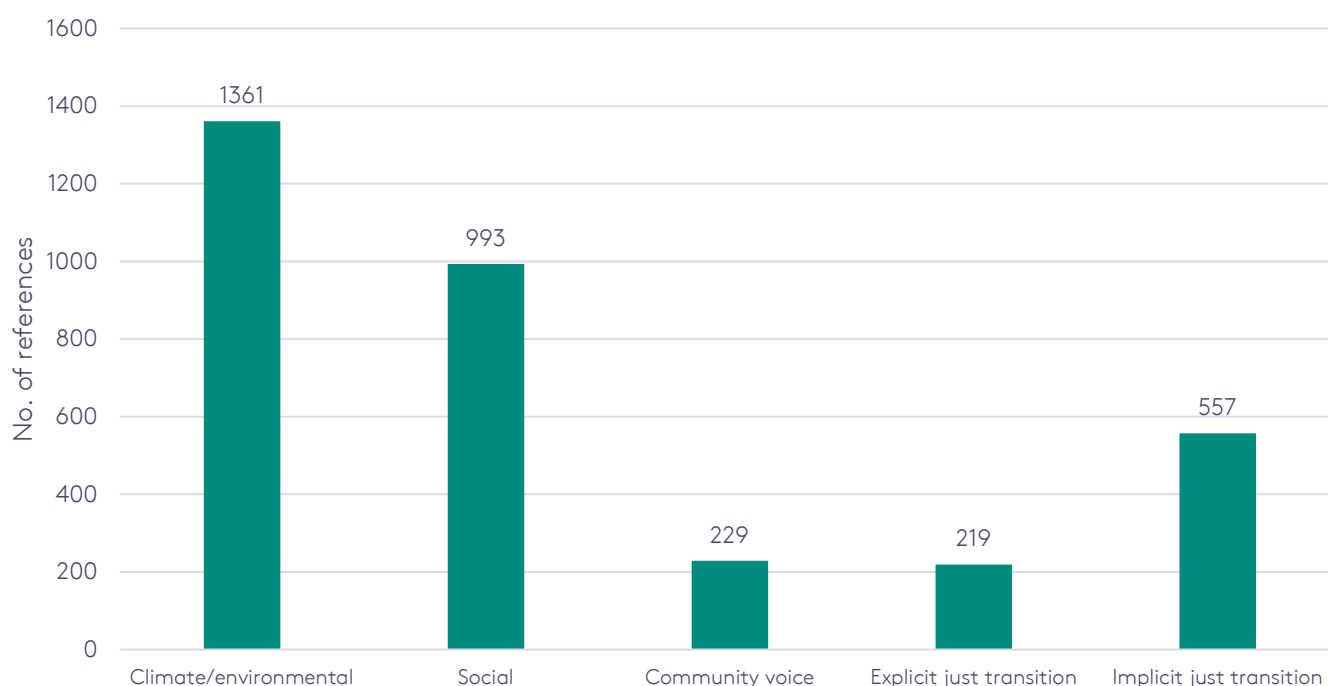
This section outlines the findings from the desktop research and key informant interviews; it examines how just transition considerations emerge in policy and reporting, and in practice.

#### Just transition in policy and reporting

Of the 25 funds in the sample, 17 explicitly acknowledge the importance of a just transition towards low-carbon economies — although there are no such references to just transition observed in product-level documents. These commitments arise primarily from firm-level policies, such as in stewardship and voting guidelines, ESG policies and in stand-alone thought-leadership publications, including insight papers and blog posts. Across the board, there is limited mention of just transition, either implicitly or explicitly, in product-level documentation.

**Explicit references to just transition are outnumbered by all other categories of references measured in this analysis.** Many of these references are separate, discrete references to environmental or social considerations. For example, social issues may relate to health, digital privacy or education. Climate and environmental issues often relate to renewable energy developments or financing nature. In many cases, these issues are considered jointly, such as discussing the social impacts of the low-carbon transition, which constitutes implicit reference to just transition issues. Such issues, referred to as ‘implicit just transition’ in Figure 3.1, are referenced considerably more often than explicit references to just transition — accounting for 557 references, compared to just 219 references.

Figure 3.1. References to climate/environmental, social, community voice and just transition by investment managers

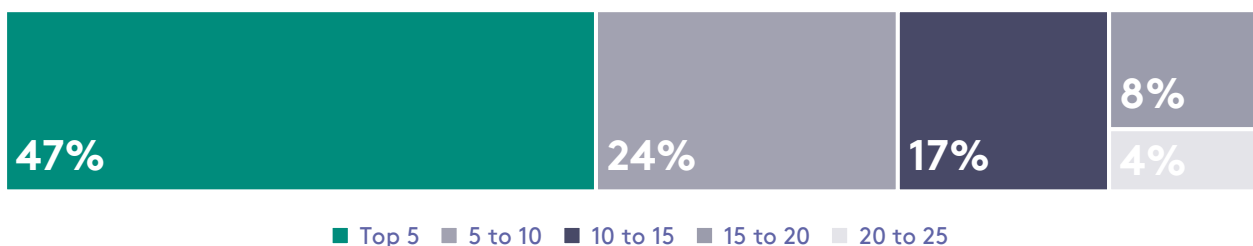


Source: Author

References to just transition are dominated by just five leading IMs, who account for 47% of total explicit and implicit references to just transition (Figure 3.2). This is based on the count of references, which, although imperfect as a measure of just transition activity, suggests a minority of the sample have developed in-depth policies and reporting on their just transition engagements, indicating a small group of leaders. Although most funds recognise just transition in policy documentation and

sustainability reports, the topic is generally restricted to a handful of mentions, and typically folded into engagement on a mix of social and environmental issues. Importantly, these figures relate to both explicit and implicit mentions of the just transition – indicating that for most funds it remains a low priority issue, which is reinforced through the KIs.

**Figure 3.2. Share of explicit and implicit references to just transition by investment managers**

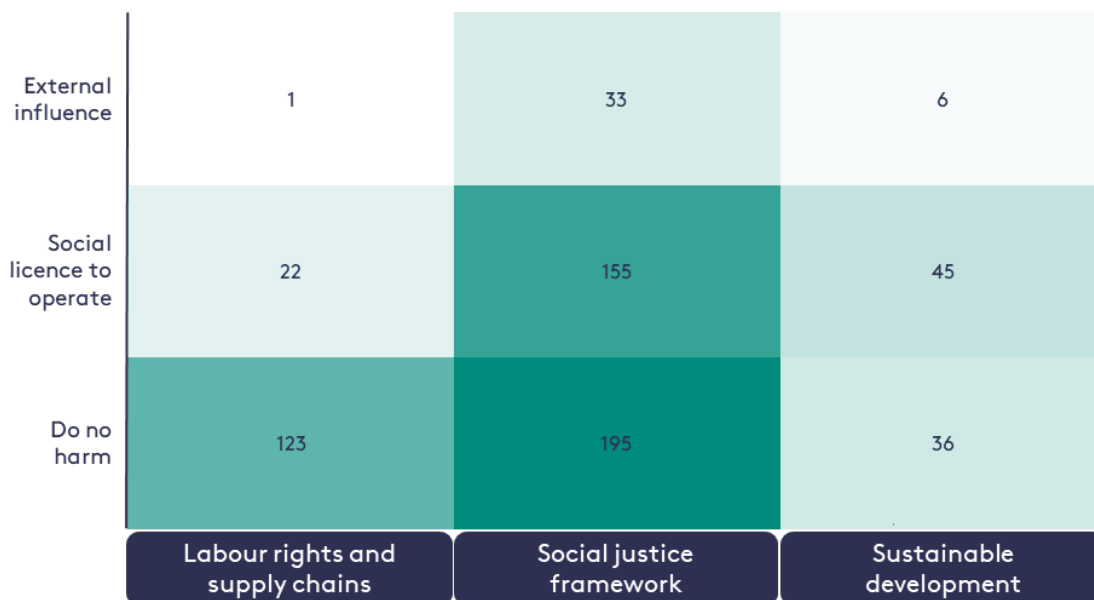


Note: The rankings applied reflect the number of explicit and implicit just transition references collected through the desktop analysis from each IM’s documentation. ‘Top 5’ therefore reflects the five IMs with the most references to just transition in the reviewed documents. This is an imperfect but illustrative approach to determining the depth of just transition activity conducted by each IM. It is not an appraisal of any IM’s performance on just transition.

Source: Author

The collected references take a relatively broad view of just transition issues, beyond labour-oriented conceptualisations of a just transition. Of the approximately 600 recorded references to just transition, implicit and explicit, the largest proportion fall within a ‘social justice framework’ scope (Figure 3.3). This reflects the relatively broad lens through which the IM sample views relevant stakeholders: while workers in companies’ own operations and supply chains feature prominently, most IMs also proactively consider community impacts, including impacts on Indigenous, vulnerable and marginalised groups, as well as local communities and customers.

**Figure 3.3. The scope and scale of just transition practice in listed equities**



Note: See Appendix 2 for detailed explanations of each category and axis. Figure A.4 describes the requirements for the references to be classified in the different cells of this matrix.

Source: Author

The language used suggests ‘positive contributions’ are strongly considered, beyond simply avoiding harm or complying with laws and regulations. For example, several IMs discuss investing in ‘positive solutions’ or investments that positively contribute to socioeconomic outcomes while simultaneously delivering on climate and environmental objectives. In particular, most references consider social risks,

but many consider opportunities — indicating proactive approaches to delivering positive outcomes rather than just mitigating impacts. Other categories of references include encouraging investee companies to integrate just transition into their transition plans, which goes above and beyond baseline transition planning practice (Roth, 2025). All these references are noted in the 'social licence to operate' category for the scale of just transition ambition. There are some references categorised as 'external influence' as well, which generally refer to policy advocacy efforts on just transition. However, most references remain at the 'do no harm' or compliance-based level, which is unsurprising given that these constitute baseline requirements typical of the kinds of documents reviewed.

**While the broad and ambitious discussion of just transition in IM documents is encouraging, this does not necessarily reflect real-world outcomes** — due to practical constraints on the level of influence IMs can have, as well as the nature of the documents reviewed. It is therefore important to discuss the difference between ambition and praxis. This is important for stewardship objectives which often provide a broad perspective on how an IM might approach specific issues where they become relevant. In practice, not all the issues listed in stewardship policies will be engaged on and this review suggests that, in general, just transition is typically low priority for most IMs, a finding reinforced by the KIs. Considering reporting in addition to policy documentation helps address this gap — but can provide a narrow view of just transition outcomes through, for example, biases informing case study selection.

### Just transition in practice: frontiers, barriers and opportunities

**In practice, just transition remains far from mainstream.** It is therefore useful to ground this analysis in the context that this sample, which displays relatively sophisticated approaches to just transition, has a combined AUM value lower than any of the three largest asset managers and accounts for less than 1% of the global financial markets (Sopotnitskiy, 2024; WTW, 2025). This reinforces the idea that this sample is a 'vocal minority' for action on just transition, further strengthened by just transition activity being concentrated within a small subset of even this sample. Several interviewees noted that they were often the only voice in the room asking for more information on just transition while the presence of several other pressing issues crowd out sustainability topics more generally. For example, one interviewee noted that "sustainability is often the last 15 minutes of a long call about several issues, and our window on just transition may or may not be one question at the end of this meeting".

**Although vocal minorities like this sample of IMs can be influential in certain conditions, they generally have limited ability to set agendas and decide outcomes, especially in vote-based company decisions.** Most IMs in this sample outline favourable voting policies on just transition — generally voting for just transition plans and disclosures while also either abstaining from or voting against climate action deemed to insufficiently address social impacts. However, for such votes to affect company actions, there is a need for a majority, or at least a significant minority, of investors to also support such issues. In some IM reporting, this is clearly apparent — whereby the IM has voted for all just transition related proposals tabled but the issue has failed to garner a sufficient proportion of the vote. It can also be hard for smaller IMs to engage effectively on just transition, as one KI participant noted: "it can be difficult to get facetime with companies [on just transition] ... you tend to be kept at arm's length unless you're large".

**Nonetheless, there are some meaningful examples of progress that have been realised through a range of approaches.** These include timely interventions to maximise synergies between IM and company priorities; sustained, constructive engagement between IMs and companies to find common ground; and building coalitions to bring just transition forward as a material investor concern.

### Engaging with investee companies

**Engaging directly with companies to influence behaviour is the primary mechanism through which IMs attempt to translate just transition commitments into tangible outcomes.** According to KI participants, the identification of just transition issues for each company begins at the research phase, and where relevant, is considered in company due diligence. However, it is not generally a factor in the investment decision, barring egregious breaches of standards such as the United Nations Global Compact, or IM-specific thresholds for controversial activities. Most stewardship actions, as per the KIs, centre on engagement after investment, through actions ranging from monitoring performance to filing

shareholder resolutions or voting against the appointment of board members. Notably, few IMs discussed examples where they had divested following unsuccessful engagement on just transition.

**Common approaches to engagement on just transition include encouraging companies to adopt just transition commitments or engaging for disclosure on progress towards such commitments – both of which have seen mixed results.** The development of just transition strategies and commitments, in particular through integrating just transition into company transition plans, provides a manageable ask for companies with a clear, measurable outcome. This also provides a basis for long-term, continuous assessment, whereby key performance indicators can be monitored. Where strategies do not provide sufficiently granular milestones and data collection processes, however, this can obfuscate the measurement of both negative and positive impacts. One case study from an IM discussed an oil and gas company that acknowledged the importance of some just transition risks, such as risks to workforce retention, in its company strategy but did not provide detail on how these risks are being addressed, despite continued engagement on this topic. Moreover, evidence from the KIIIs suggests there has been limited success integrating just transition into company transition plans. Engagement on just transition-related disclosures, often in the absence of comprehensive just transition strategies, has therefore been an important frontier for IM engagement. Further detail on disclosure for just transition in the context of electricity utilities is provided in Box 3.1.

### Box 3.1. Engagement for disclosure: electric power utilities

#### Context

Electricity utilities are at the forefront of the energy transition, leading the deployment of renewable energies while also managing the socioeconomic impacts of fossil fuel phaseout. Despite broad acknowledgement that utilities have a role to play in ensuring a just energy transition, and growing corporate commitments to this effect, monitoring progress remains a challenge. Disclosure on just transition progress has therefore emerged as a priority frontier for investor engagement in this sector.

#### Investment manager actions and enablers

Several IMs noted an absence of commitments to just transition accompanied by sufficiently granular timelines, milestones and clear performance indicators. This has been a growing area of engagement, where IMs have supported the development of disclosures of, or asked for greater detail on the following (non-exhaustive) dimensions of just energy transitions in utilities:

- **Redeployment metrics** for displaced workers, including reporting on redundancies
- Number of beneficiaries from **reskilling/retraining** efforts
- **Process metrics:** related to meetings with unions as well as community and stakeholder groups
- How pricing changes impact **vulnerable consumers** (e.g. percentage of vulnerable consumers)
- **Supply chain impacts:** including human rights violations in renewable energy supply chains, instituting supplier codes of conduct, preferencing local/sustainable suppliers
- **Place-based reporting:** considering impacts in different regions of operation, especially in emerging markets and how context-specific factors affect just transition outcomes.

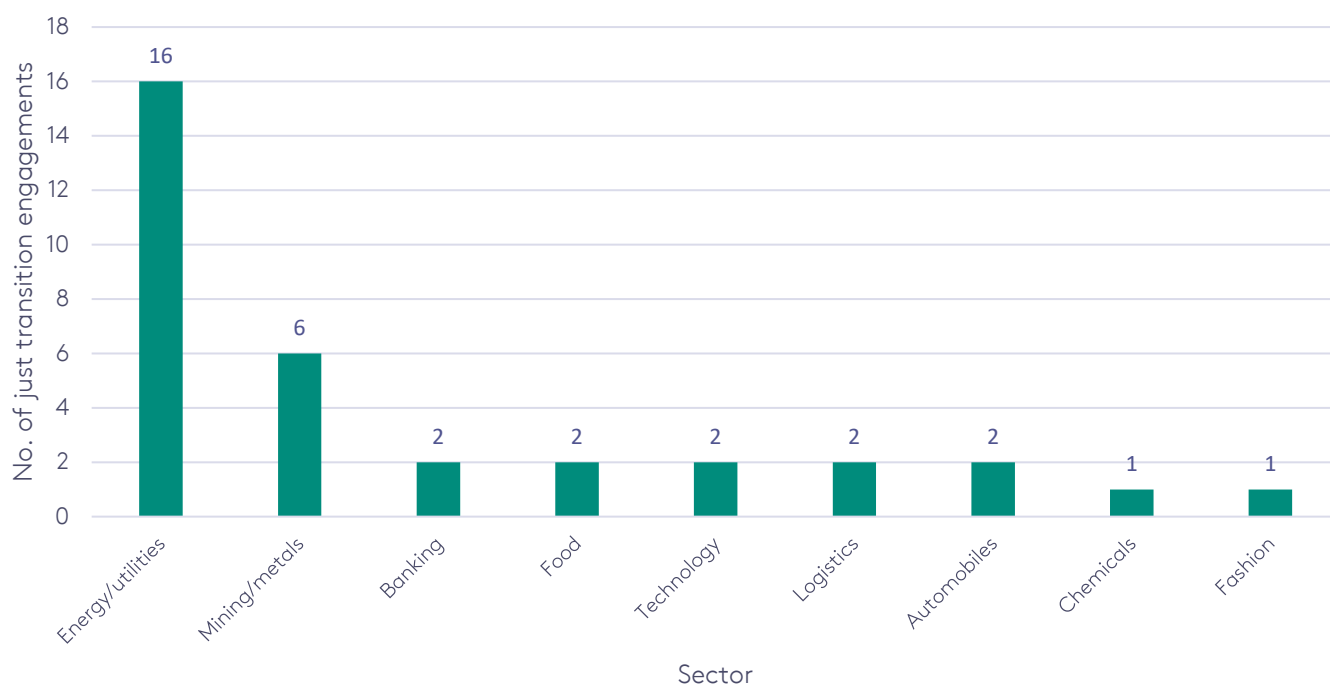
In some cases, IMs have had the opportunity to support investee companies in developing such metrics, leading to improved disclosures in annual and sustainability reporting. In others, disclosure has been a compromise stemming from demand for greater action, and “meeting the company where they’re at now”.

#### Outcomes, challenges and opportunities

Although engagement for disclosure is a pragmatic path towards some progress, it does not, in isolation, change company behaviour. However, it does address key transparency issues on just transition impacts. As disclosure processes solidify around the just transition, it will be important to translate this greater transparency into achievable, but ambitious targets.

Sources: Key informant interviews

Figure 3.4. Just transition case studies in investment manager reporting, by sector



Source: Author

**Disclosure on just transition can vary significantly across sectors and regions and therefore requires detailed knowledge of company operations and value chains.** In some sectors, just transition risks can emerge in supply chains, such as in electric vehicle (EV) supply chains which rely on critical minerals mining, while others concentrate in company-owned operations, such as for energy and utility companies. Geographical contexts also matter, as emerging markets bring different just transition considerations to developed market contexts. For example, emerging markets can have weaker social protections and more pressing sustainable development priorities — such as providing access to basic needs and infrastructure — that are not issues in developed contexts. While this presents barriers for stewardship teams, due to the depth of knowledge required for constructive engagement on this topic, it can also present challenges for companies that may not have the internal capabilities to collect and monitor the data and impacts required. In these situations, KII participants note the role IMs can play in providing access to such expertise — either through leveraging their own expertise, helping companies navigate existing guidance on just transition, or connecting companies to external experts.

**Nonetheless, the sectoral breadth of engagement on just transition has generally been limited, with the energy and mining sectors seeing the bulk of engagement.** Across 34 case studies related to just transition identified throughout the IM documentation reviewed, 16 engagements were with either electricity utilities or oil and gas companies (see Figure 3.4). This includes engagement on coal, oil and gas, and renewable energy transitions. Engagements in this sector generally considered consumer impacts and energy affordability for utilities, worker transition plans for fossil fuel producers, and community impacts from siting and new developments for both groups of companies. The next most engaged sector was mining and metals — generally involving the mining of transition minerals. Engagement in this sector has tended to focus on community engagement, including engagement with Indigenous Peoples, and health and safety for workers. Other sectors engaged include banking, food and sustainable agriculture, technology, logistics, automobile manufacturing (EVs), chemicals and fashion — although, generally, just transition considerations have been discussed in the context of other engagement topics, such as circular economy or human rights.

**A recurring theme across this analysis, and previous work in this literature, is that for IM engagement to be effective, it is crucial for companies to ‘buy in’ to the imperative for a just transition, with champions within the business available to execute it.** One example is the UK-based

energy utility, SSE, one of the first companies to design and implement a just transition strategy in its net zero plan (Nicholls, 2024). Although the tabling of a question on just transition at SSE's annual general meeting (AGM) by an investor coalition was an important step in this process, a key enabler was the appointment of a Chief Sustainability Officer who had "had the just transition on her agenda for years" (Nicholls, 2024). This meant that just transition was already set to be considered by the company which was being similarly proactive on climate action. In the example in Box 3.1, most utility companies that were being engaged with on just transition disclosures had already recognised the importance of a just transition in some way. In contrast, KII participants noted the challenge of engaging on just transition with companies that have a limited background in transition planning and decarbonisation and are not at the level of maturity in these processes necessary to begin considering social impact. Navigating the resistance to just transition this can result in is a challenge, including for larger companies that have limited interest in just transition issues.

**Flexibility in how to approach just transition is crucial — and being able to connect just transition to the investee company's business interests is necessary for successful engagements on the topic.** KII participants reported being able to engage on just transition in energy and utilities sectors through policy-relevant issues such as energy affordability and community impacts of siting new clean generation. One KII participant noted their success in engaging with a North American utility company on this basis, citing the importance of the company's "licence to operate". Having good relationships with workers, customers and local communities and avoiding public pushback is important for managing regulatory relationships for the utility, which directly connects to profitability due to implications for tariff rate awards — providing a powerful platform for just transition in broader conversations around decarbonisation. Similarly, in mining and metals, community relationships, especially where Indigenous Peoples are involved, are highly material from a regulatory and reputational perspective, with several examples of where mismanagement of these relationships has led to significant blowback (Borello, 2020; Wahlquist, 2020). One KII participant noted that although several mining companies they engaged with felt the term 'just transition' was "unpalatable", they were open to engaging on specific issues, such as enhancing community voice or engaging with unions on transition planning. The KII participant stated: "we don't really care about what they call it, as long as we're comfortable that the required conditions are addressed. We're concerned with actions, not words on paper."

**IMs can also play an important role in building awareness on just transition for investee companies, and can introduce new concepts and expectations through the engagement process.** This can include building internal awareness and understanding of how just transition issues can impact company operations — for example, through disruptions and pushback leading to regulatory impacts, or through exacerbating systemic risks, including reduced social cohesion leading to macroeconomic and political instability. One KII participant noted the importance of such engagements in emerging markets in particular, and the value of raising awareness on social issues for emerging market companies that may just be starting to engage with transition planning. In such situations, even being "the only person that asks questions on just transition", as one KII participant put it, can generate dialogue and shape the investee company's position on specific issues, although this is not always successful. IMs can also lead on the development of new engagement topics and provide clear investor expectations that outline how companies should address these topics. One example is the recent development of investor expectations around 'just adaptation' (further explored in Box 3.2).

**IMs sometimes play an interlocutor role across companies in the same industry, and in this role, can contribute to raising industry-wide standards, especially for companies lagging their peers.** Sharing practice across peers can be a powerful motivator, and IMs engaging multiple companies in similar industries have helped illustrate industry-wide standards for those lagging in specific areas. One example of this is the banking and just transition engagement led by Royal London Asset Management, the Border to Coast Pension Partnership, and Friends Provident Foundation which began in 2022 and published an outcomes report in 2026 (Royal London Asset Management et al., 2026). The report notes that "demonstrating peer progress proved the most effective driver of improvement"; also, the individual banks they engaged with were hesitant to be 'first-movers' on just transition (see Box 3.3 for further detail). Similar dynamics were also noted across the KIIs on engagement with the oil and gas sector.

## Box 3.2. Setting investor expectations: just adaptation

### Context

The just transition has traditionally focused on climate mitigation. However, as climate-related hazards intensify, there is a growing focus on adaptation and how companies build resilience to physical risks. It is essential for climate adaptation and resilience to be socially conscious and reduce risks of maladaptation. Some IMs have identified today as a window of opportunity to integrate such considerations into adaptation plans, while they remain at an early stage of development. One example is the 'just adaptation' workstream developed by Royal London Asset Management (RLAM).

### Investment manager actions and enablers

To develop their just adaptation programme, RLAM engaged with a shortlist of companies, as well as policymakers and regulators, academics and international organisations. This allowed for an ecosystem-wide view of how adaptation approaches can affect social outcomes as well as the financial risks and opportunities these can present.

Companies were shortlisted for engagement based on their exposure to physical risks. Dialogue with these companies focused on how and whether social impacts were considered in their adaptation plans — covering risks such as water scarcity, livelihood disruptions and impacts on working conditions from extreme heat. The outcomes of these discussions informed the expectations RLAM outlined for companies in their portfolio: a public commitment to fair, inclusive adaptation; identifying and engaging with stakeholders; and understanding the local context. Following the development of formal investor expectations, it is expected that RLAM will broaden the focus of its engagements and conduct more formal assessments of companies on just adaptation.

### Outcomes, challenges and opportunities

Just adaptation planning remains at an early stage, which means this workstream could be a timely intervention with high potential. Corporate adaptation planning is advancing quickly as climate-related hazards intensify, as is a focus on how this planning occurs by socially responsible investors. Organising around shared expectations could provide useful momentum for the integration of social impacts into adaptation plans from companies — but whether this materialises remains to be seen.

*Note: This is an illustrative case study on how IMs can take new concepts and socialise them with investee companies before formally integrating them into company engagement. RLAM is featured as an early example of this approach; the intention is to illustrate the process rather than to evaluate or endorse any specific IM's programme.*

*Sources: Key informant interviews*

## Engaging beyond the investee company

**Engaging with policymakers and building coalitions with other IMs is strongly complementary to achieving stewardship goals, especially on just transition.** Beyond engagement with the company, it is also useful for IMs and investors to engage with the broader ecosystem — including policymakers, other investors and interest groups, and civil society. These engagements can provide insights that: improve the quality of advice and engagement IMs can offer companies, raising investor credibility; better support how systemic risks, often associated with 'unjust' transitions, are addressed; and improve the leverage investors have when attempting to influence company action. Engagement with policymakers in particular can help shape transition planning tools and policies that align with just transition objectives and are feasible for businesses to action.

**Coalition-building for greater impact has seen some success in just transition stewardship — although the evidence supporting this remains anecdotal.** This process involves engaging with various investors to form coalitions on specific issues and working together when engaging investee companies; it can amplify awareness of the issue within companies and influence how companies act. Notable examples include the Climate Action and Nature Action 100 groups (CA100+ and NA100), which are both investor-led initiatives aiming to support more urgent corporate action on reducing greenhouse gas emissions and nature degradation and biodiversity loss. CA100+ also includes a just transition indicator which has been used for engagement on just transition issues. However, the causal effect of these large-scale coalitions is questionable, particularly for decarbonisation (Hastreiter, 2025). Smaller coalitions

around just transition stewardship have also emerged, such as the UK's Financing a Just Transition Alliance (FJTA), the Just Transition Finance Challenge, led by the Impact Investing Institute as part of the G7 Impact Taskforce in 2021, and in Europe, Investors for a Just Transition (Impact Investing Institute, 2023b; Private Equity Wire, 2021). These coalitions have contributed to diffusing understanding of the just transition into financial institutions and include many of the IMs that participated in this study — although the coalitions have not necessarily been active at the level of individual engagements. Box 3.4 provides an example of a smaller coalition engaging on just transition with a sample of oil and gas companies, with mixed results.

### Box 3.3. Engaging sectors: just transition and banking

#### Context

Royal London Asset Management, Border to Coast Partnership, and the Friends Provident Foundation (the investors) led an engagement workstream with four UK banks: Barclays, HSBC, Lloyds and NatWest. The aim of the engagement was to encourage these UK banks to “either develop [just transition plans] or integrate just transition judiciously into climate transition plans”. The engagement began in 2022, with a report detailing the learnings of the engagement published in 2026.

#### Investor actions and enablers

The investors engaged with all four banks over the four years through sustained dialogue, interventions at company AGMs, and by developing a set of investor expectations on just transition for the banking sector, covering evidence of bank ambition, action and accountability. The 15 investor expectations provide benchmarks to guide activity, as well as metrics against which to measure progress.

#### Outcomes, challenges and opportunities

The progress report of this engagement, released in 2026, finds some progress in bank activity on just transition, from the initial limited references to the topic at the beginning of the engagement. The banks were assessed as having integrated elements of just transition in product design, sectoral strategies and through place-based approaches, even if no bank established itself as a clear leader across all expectations (Royal London Asset Management et al., 2026). Supporting this, the TPI Global Climate Transition Centre assessments of Barclays and HSBC show that these banks fall short of clear commitments to decarbonising financed activities in line with just transition principles.

This example highlights the possibilities and limitations of long-term, sustained investor engagement in building company awareness and capability to drive action on emerging issues, such as just transition. It underscores the importance of sector-specific expectations on this topic — which provide a concrete framework for engagement, making asks clear and actionable, and establish a basis for measuring progress over time. While direct attribution of progress to investor engagement is difficult to establish, the groundwork laid through this process is valuable in establishing a shared language, raising internal awareness, and creating accountability structures within banks. Progress, however, has been incremental and varied across banks, reflecting bank-specific priorities and objectives — a common limiting factor for IM influence on just transition action.

Sources: Key informant interviews, Royal London Asset Management et al. (2026); TPI Global Climate Transition Centre (2026)

**Engaging with the broader ecosystem of stakeholders, including civil society and policymakers can help ensure visibility of just transition outcomes on the ground, and reduce exposure to systemic risks.** Engagement with policymakers in particular can help raise the baseline level of activity for companies in given jurisdictions, and target systemic changes, rather than the piecemeal approach taken by IMs dedicating considerable resources to engage with one company at a time. These kinds of engagements have thus far generally been targeted at standards setters and reporting bodies, rather than planning authorities or specific government departments; for example, feeding into transition planning and disclosure, or informing guidance on just transition for investors and other IMs. Additionally, engagement with civil society, including NGOs, charities and grassroots organisations — especially in emerging markets — can be insightful in terms of tracking the outcomes associated with just transition risks and opportunities. For IMs operating at arm's length from company operations, engagement with third parties can provide locally grounded insights that strengthen the credibility and effectiveness of

corporate engagement. One KII participant highlighted the value of working with organisations such as the United Nations Development Programme (UNDP) and associated local NGOs active in emerging markets, noting that this kind of partnership offered a clearer picture of “impacts on the ground” and enhanced engagement with the investee company.

### Box 3.4. Building investor coalitions on just transition

#### Context

Investor coalitions can also benefit from collaborations with non-profit organisations or NGOs. For example, the World Benchmarking Alliance (WBA) Just Transition Collective was developed by the WBA and a group of asset managers in 2023 to engage a subset of oil and gas companies featured in the WBA’s just transition assessment. The coalition also coordinated with CA100+ to ensure coherence, and developed an ‘engagement roster’ to assign investors to co-lead engagements with different companies, minimising engagement resources per investor.

#### Investor actions and enablers

Two of the interviewees in this study were involved in this process, and took similar approaches to engaging with two different oil and gas companies, producing mixed outcomes. The interviewees engaged in bilateral dialogue with companies, with the intent to improve company awareness on just transition and integrate just transition disclosures into company processes and transition plans.

Both interviewees approached just transition concerns in the context of company strategies. For example, identifying just transition-relevant risks and opportunities arising from company transition plans and regulatory contexts, and connecting these to material issues the company was attempting to navigate.

#### Outcomes, challenges and opportunities

The two interviewees reported significantly different outcomes. One interviewee reported noticeable improvements from the company over the course of the engagement from an initially poor baseline. Outcomes of interest included more comprehensive and detailed consideration of social impacts in transition plans, including improved disclosures on human capital, and awareness of just transition issues, which translated across teams. The investor was also able to view regional case studies that demonstrated progress.

The other interviewee reported limited progress — driven largely by the company retreating from the climate targets it had previously set. The interviewee noted it was “a very difficult engagement”, as the company progressively reduced its climate ambition over the course of the engagement. As this situation developed, the interviewee also narrowed and adjusted their ask for just transition-relevant disclosures — from public commitments to quantitative metrics on human capital to regional disaggregation. None of these were successfully adopted by the company.

Although the Just Transition Collective coalition has since dissolved, the two interviewees involved have indicated they have continued their engagement independently.

These examples suggest that while coalitions can reduce the per investor cost of engagement and amplify investor voices on just transition, they do not guarantee positive outcomes. Companies and investors must navigate several complexities, and, for just transition priorities to remain on the agenda, it is crucial for the low-carbon transition to retain momentum.

Sources: Key informant interviews; Gambetta (2023)

### Barriers to just transition-aligned investing

**While just transition stewardship has seen some success, it is unlikely to continue seeing progress at the same rate — and is, in fact, at risk of moving backwards.** Foremost among the barriers are near-term geopolitical headwinds, including contested policy mandates on climate action and a de-prioritisation of the low-carbon transition. Several other long-standing barriers persist. These include the limitations of stewardship approaches in influencing change, which are compounded by recent shifts in climate and international development policies. Other barriers include limitations in investors’ capabilities

to engage on a range of just transition issues across sectors and regions, especially in the context of increasingly scarce resources; a lack of consensus on how just transition can be integrated into existing frameworks for sustainable investing; and limited access to data and standardised indicators that can enable reporting at scale.

**The retreat of mainstream investors and companies from climate commitments is directly undermining the efficacy of just transition stewardship.** As one KII participant noted, “it is so difficult to discuss just transition at the moment, because companies are starting to ‘de-transition’”, or move away from climate targets. This is particularly salient in sectors such as oil and gas which have been buoyed by rising prices as well as the ‘drill baby drill’ rhetoric following the election of Donald Trump as president of the United States. Conversely, renewable energy projects have struggled, as the Trump administration has used extraordinary measures to halt wind power developments, even paying developers almost US\$1 billion to switch to oil and gas production instead (Milne, 2025; Muir and Millard, 2026). The general backlash against ESG investing and investor activism has fuelled litigation risk for many asset managers, leading to an exodus from previously large coalitions such as the Net Zero Asset Managers Initiative and CA100+ as large, mainstream investors adopt more cautious approaches to climate and social issues (Gambetta and Webb, 2025). This is particularly consequential for just transition stewardship, which has relied heavily on collective action through coalitions. As mainstream investors retreat to more cautious positions, the burden of advancing just transition falls increasingly on a shrinking group of committed actors, and exacerbates the ‘vocal minority’ dynamic discussed above.

**Growing geopolitical fragmentation and a contested policy mandate for climate action also limit the scope of investor and IM action on just transition.** The retreat from climate ambition is perhaps most dramatic in the United States, with the repeal of the Inflation Reduction Act and the more recent revocation of the Environmental Protection Agency’s (EPA) endangerment finding, which previously allowed the federal government to regulate on greenhouse gas emissions (Muir et al., 2026). However, the strains on the climate consensus are also visible in other policy landscapes; for example, in Canada’s repeal of the consumer segment of its carbon tax, increasing corporate lobbying against the European Emissions Trading System and a weakening of the European Union’s 2040 target, as well as calls for the UK to reopen drilling in the North Sea (Pickard and Millard, 2026; Wang, 2025). Beyond national policy landscapes, the multilateral frameworks that have historically provided investors with a clear directional mandate on climate, most notably the Paris Agreement architecture, are increasingly under pressure. Equally significant for just transition objectives is the erosion of international commitments to sustainable development: cuts to climate finance and development aid are directly undermining the prospects for sustainable and inclusive economic growth in emerging markets, which is an essential precondition for a global just transition (Elgot and Wintour, 2026; Harford, 2025). This matters for just transition stewardship because investors have relied on the signal of converging international policy ambition to make the financial case for engagement. As that signal weakens, so too does the leverage it provides. As one interviewee put it, “we can’t have a just transition unless we have a transition”, underscoring the tension between first ensuring that emissions reductions are on the corporate agenda before attempting to attach conditions as to how those reductions occur.

**Even among the committed actors who remain, the practical capacity to deliver meaningful just transition stewardship is severely constrained.** Voting power is distributed across large groups of shareholders, and as key actors in the market retreat from climate targets, it becomes increasingly challenging for a shrinking minority to exercise any meaningful influence on corporate action. Just transition issues have also been falling down the list of priorities as a range of other risks to business, due to growing geopolitical fragmentation and other domestic crises, emerge. As one interviewee noted, “our analysts are often having to play whack-a-mole with a range of short-term issues”, which means that proactive engagement on just transition risks and opportunities is increasingly challenging. This is exacerbated by the limited resourcing on many stewardship teams, who are often responsible for engagement with hundreds of companies. However, just transition issues are highly context-specific and understanding the risks to just transition posed by specific companies requires an in-depth knowledge of their business operations. This means that stewardship teams are forced to prioritise their limited capacity and either forego just transition for other issues or engage in a more limited way.

**The limited availability of standardised data and metrics on just transition risks and opportunities is another barrier for just transition stewardship.** The impacts of limited data are twofold. The first is straightforward: a lack of data inhibits effective monitoring and evaluation of progress on just transition objectives at scale. This means that the costs of developing just transition metrics for each engagement can be high, and it is also difficult to aggregate industry-wide or region-specific trends which would otherwise simplify future engagements and enable investors and IMs to more easily set engagement objectives. The second impact is that limited data and metrics impede the communication of just transition materiality to investee companies. Without standardised metrics, IMs struggle to quantify the financial risks and opportunities associated with just transition considerations — including the costs of social unrest or the reputational damage from inadequate stakeholder consultation — in a way that is comparable. This makes it difficult to build internal business cases for dedicating scarce engagement resources to just transition, and harder still to convince investee companies that just transition is a material, rather than a peripheral concern. There has, however, been some progress on just transition indicators and metrics; for example, the announcement of just transition reporting standards from the International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI) (Robins, 2025), also in transition planning through the Transition Planning Taskforce initiative to ‘Put people at the heart of transition plans’. Nonetheless, most disclosure frameworks tend to focus on minimising risks and on workers’ rights, suggesting further work is needed to capture the opportunities that the just transition presents, and its impacts on communities, supply chains and consumers (Just Transition Finance Lab, 2024).

**There is also a lack of consensus on how just transition can fit within, or should differ from, existing sustainability and ESG investing frameworks.** One issue is how to define the intersection of social and environmental issues such that it provides genuine additionality beyond what would already be covered by current engagement practice. For example, engagement on human capital and workers’ rights in a fossil fuel company could be relevant for just transition but does not require an engagement workstream dedicated solely to just transition. The risks and opportunities emerging from just transition can also be wide-ranging, and context-specific, which has led to the perception of just transition as nebulous, and difficult to pin down. Developing a clearer understanding of what kinds of just transition risks and opportunities are material and relevant across sectors and jurisdictions would enable IMs to apply familiar language and processes to address these issues. Additionally, actions without necessarily ascribing the label of ‘just transition’ to them have also been somewhat effective in mitigating just transition-related risks, and identifying opportunities (Chanda and Tyson, 2026).

## 4. Conclusions and recommendations

Just transition is an emerging sustainability topic and there is a need for coordinated action between policymakers, standards setters, companies, investors and their investment managers to scale equitable and fair transitions to low-carbon economies. The findings from this analysis have exposed three key challenges: first, the scarce resources available to IMs to meaningfully engage on just transition, second, a depletion of the regulatory incentives to prioritise just transition in key regions, and third, a lack of shared understanding of sector-specific materiality and operational nuances of just transition across sectors and geographies. Addressing each of these issues will require coordinated action from both investors and policymakers. The following recommendations outline priority areas for each audience, drawing on the findings from the analysis.

### Insights for investors

#### 1. IMs can target outsized impact through strategic, collaborative and opportunistic approaches to engagement on just transition

IMs have limited capacity for just transition engagement and must therefore be strategic about where and how they deploy it. Engagement is most likely to deliver meaningful outcomes where interventions coincide with moments where just transition is a salient concern — such as when a company is developing its transition plan, or when a specific risk has come to public attention. Where companies are resistant to the language of just transition, engaging on the underlying issues — community consent, workforce planning, supply chain human rights — can be equally effective, as can clearly connecting just transition to company performance. Crucially, this does not require new frameworks: the issues that fall under the umbrella of just transition are often already present in investor frameworks and company practices and can be connected to just transition outcomes with minimal friction — offering a pathway to expanding engagement beyond energy and mining. In the longer-term, there should be a continued focus on positive contributions, rather than on reducing harm. Also, the explicit recognition of the imperatives of a just transition in, for example, transition planning also serves as an important signal for investors, civil society and communities while simultaneously enhancing corporate accountability.

#### 2. Long-term, sustained engagement is necessary to build company awareness and capacity to develop just transition strategies and implement sufficient disclosure

The development of sector-specific expectations is important to provide practical benchmarks for company activity; however, most companies remain far below the level of maturity required to enact such expectations. Therefore, IMs and investors should play an educational role to raise awareness within leadership teams first, followed by setting clear sector-specific expectations and supporting the development of company strategies on just transition. Connecting companies to existing guidance and helping monitor practice across peers are also crucial levers in this process. Importantly, this is a long-term exercise, as just transition remains an emerging sustainability topic with limited, but growing, guidance. Coalition-building can reduce costs and amplify investor voices in such engagements.

#### 3. Investors can play an interlocutor role between policy, civil society and corporations, to advance just transition practice on several fronts

Investors occupy a distinctive position in the just transition ecosystem, with relationships spanning companies, policymakers, regulators and civil society. This position can be leveraged in two ways. First, investors can connect companies to relevant expertise, guidance and stakeholder networks, building company awareness and capacity on just transition, particularly in emerging market contexts where understanding of just transition risks and opportunities may be limited. Engagement with non-profits and NGOs can be particularly useful here, especially to support credible engagement and independent evaluation of companies in relation to the just transition (e.g. see the WBA Just Transition Collective). Second, investors can use their convening power and credibility to advocate for stronger policy frameworks on just transition, feeding into standards bodies, transition planning guidance and multilateral processes. In the current

geopolitical environment, where the policy signal on climate and just transition is weakening, this macro-level stewardship role is more important than ever, helping to maintain normative momentum for just transition even as some governments and mainstream investors retreat.

## Policy recommendations

### 1. National governments should operationalise the just transition commitments outlined in their NDCs, providing a clear baseline for just transition practice by companies

Although institutional investors and IMs play an important role in helping to hold companies accountable for good social practice, governments must maintain responsibility for delivering on the many policy objectives encompassed by just transitions. Many corporate transition plans depend on external factors, including supportive policy environments and sufficient demand for green products. Similarly, setting regulatory expectations of company practice in relation to just transition for project planning, siting and reporting requirements can catalyse the integration of just transition in transition planning, and therefore company practice. Such expectations should be developed in collaboration with companies and employ participatory mechanisms that sufficiently integrate community voices. However, in emerging markets in particular, there is a need for capacity building to achieve these objectives. The establishment of the Just Transition Mechanism at COP30 presents a timely opportunity in this regard: leveraging the multilateral system to build capacity, provide technical assistance and act as a knowledge bank that helps address capacity gaps for just transition policies across countries, and emerging economies in particular (Grantham Research Institute on Climate Change and the Environment, 2026).

### 2. Multilateral and international NGOs should provide stable and coherent anchors for just transition, including concrete examples of good practice

Just transition considerations are highly context-specific, although there are principles that translate across borders. Consolidating these principles at the international level, alongside practical examples and guidance, would provide an important reference point for investors and companies across multiple contexts. Multilateral and international organisations – including the ILO, the United Nations Framework Convention on Climate Change (UNFCCC) or the WBA – are well-placed to play this role, building on existing institutional mandates and credibility. One way to move forward is through integrating just transition considerations into international standards like the Environmental and Social Standards developed by the International Finance Corporation, which already serve as a baseline in weak regulatory environments. Other approaches could leverage the Just Transition Mechanism, which is currently under development, to develop and maintain knowledge banks and observatories that build a living repository documenting aspirational just transition practice across sectors and geographies (Grantham Research Institute on Climate Change and the Environment, 2026). This would serve two complementary functions: providing practical guidance on good just transition practice across contexts, while also enabling the cross-pollination of ideas and examples across jurisdictions, which is especially valuable given the uneven pace of just transition policy development worldwide.

### 3. Financial regulators should encourage the consideration of the intersection of social and environmental risks, building on existing disclosure frameworks

Mainstreaming just transition considerations in finance is an important task but does not necessarily require the development of brand-new frameworks dedicated to just transition. Given that just transition can be considered as the intersection of climate and social factors, understanding how these factors intersect can accelerate the integration of just transition practice. There is growing evidence that environmental and social risks interact in compounding ways, which are overlooked in traditional approaches to assessing ESG risks (Mani and Alvey, 2026). Leveraging existing disclosure frameworks, such as the Sustainability Disclosure Requirements in the UK and the Sustainable Finance Disclosure Regulation in Europe, to encourage disclosure on these issues can accelerate the recognition and awareness of just transition concerns. Another approach may be to integrate social impacts and opportunities into climate disclosures, such as the TCFD framework. This would provide workable approaches, grounded in existing frameworks, to better integrate the consideration of just transition into investor strategies at scale.

## Limitations and areas for further study

**The findings of this report are subject to some limitations.** One key limitation is that this analysis focused on a sample of investors believed to have strong sustainability practices and is not an accurate reflection of market-wide practice. Instead, this sample was designed with the aim of identifying examples of good practice on just transition. This means that there is selection bias by design which is compounded in the KII, whereby investors self-selected or opted in to the interview process. As such, it is likely interviews were only conducted with IMs that have strong just transition convictions, further reinforced by the finding that most activity is concentrated in a small subset of just transition leaders. The document analysis may also be subject to some biases. For example, policy documentation provides stated intentions and commitments but does not necessarily reflect how investors behave in practice, or what engagement topics have been prioritised. This might overstate the level and depth of just transition practice. While this risk has been partially addressed through consideration of impact reporting, it is not fully mitigated. This is because investor reporting on impacts may also provide selective examples that do not accurately represent the weighting of just transition in investor engagement activities. A full list of engagement practice and voting behaviours would be necessary to ameliorate this risk but this was not practicable for this analysis. The KII process also helped partially address this bias through more in-depth discussions with investors that provide qualitative insights, although only the views of the IM representatives were considered in the analysis, each of whom may have brought their own positionalities. Finally, this analysis focused almost entirely on IM reporting, policies, documentation and perspectives. The integration of community voices into the analysis of real-world impacts remains essential.

**There are also several areas that warrant further study.** The financial materiality of just transition risks remains underexplored, especially in the quantitative literature. While conceptual frameworks for these risks have been considered, the lack of standardised data and limited scope for causal inference makes this a particularly challenging area of further research. Nonetheless, this would provide valuable evidence to inform the business case for stewardship on the just transition. Additionally, this research focused on IMs and their approach to just transition, further research could consider how asset owners or institutional investors approach the just transition, which also remains underexplored.

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## Appendix 1. Asset managers included in this study

Amundi
Arjuna Capital
Aviva Investors
BNP Paribas Asset Management
Boston Common Asset Management
Calvert Investment Management
CCLA Investment Management
Columbia Threadneedle Investments
Federated Hermes Limited
First Sentier Investors
Green Investment Partners
Impax Asset Management
J Safra Sarasin Sustainable Asset Management
La Banque Postale Asset Management
La Financiere de l'Exchiquiere
Nia Impact Capital
Ownership Capital
Rathbones Asset Management
Robeco
Royal London Asset Management
Schroders plc
Terra Alpha Investments
Trillium Asset Management
Vancity Investment Management
WHEB Asset Management

# Appendix 2. Identifying just transition — foundations of the desktop analysis

The ILO defines the just transition as: “promot[ing] environmentally sustainable economies in a way that is inclusive, by creating decent work opportunities, reducing inequality and by leaving no one behind” (ILO, 2016). This is perhaps the most commonly accepted definition of a just transition and is used widely; however, what it means to provide decent work, reduce inequality or leave no one behind can differ across contexts and has led to the development of a variety of principles and guidance on what it means for the low-carbon transition to be just. Moreover, while the ILO’s Guiding Principles focus primarily on worker and labour rights, definitions of just transition have increasingly come to encompass a broader definition of stakeholders, including marginalised and vulnerable communities and consumers (Robins et al., 2024; Wang and Lo, 2021).

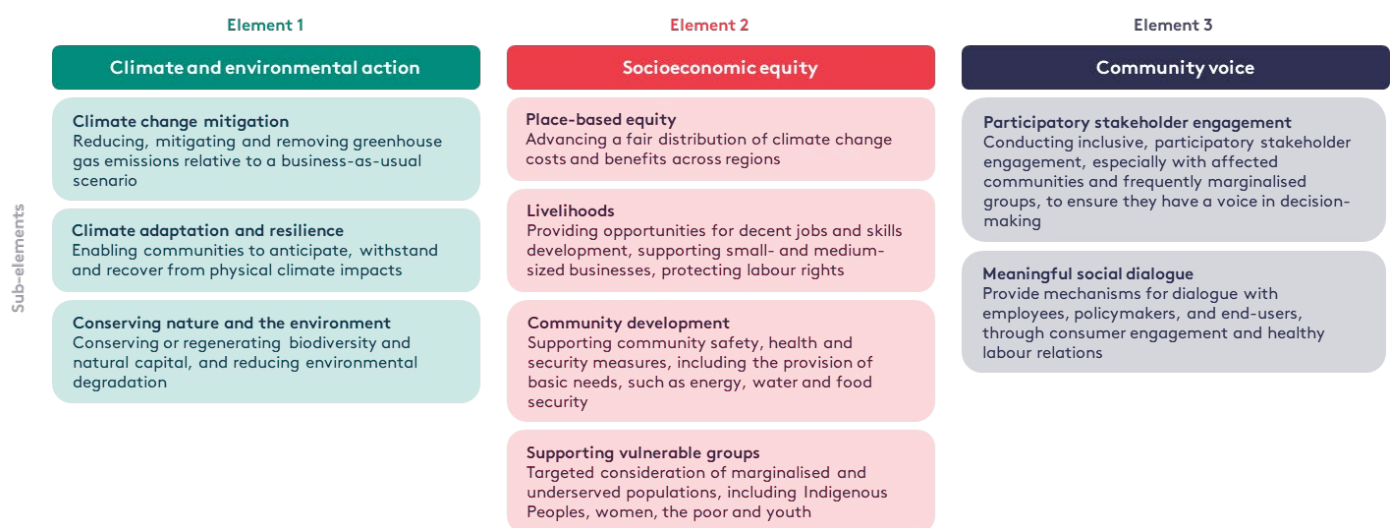
Therefore, there remains some heterogeneity in the objectives of a just transition, and in particular, there is a lack of consensus on which specific social risks and opportunities qualify as just transition-related (Galanis et al., 2025). Considering the breadth of definitions applied to just transition is essential for this analysis, as it seeks to capture both explicit and implicit references to just transition. Where organisations adopt narrow or broad conceptualisations of just transition, it is important that it is identified as part of the analysis. As such, our analysis utilises a framework that is flexible in how just transition is approached across organisations.

We apply an evaluative framework that follows Chanda and Tyson (2026). This framework is designed to accommodate the variations in understandings of just transition and contains three parts. The first focuses on identifying elements of a just transition, the second, the scope of the just transition the passage addresses, and finally, the third part looks at the scale of ambition encoded in the passage on just transition. This appendix provides an overview of each of these steps and describes the elements, scope and scale of just transition as applied in the analysis of this report.

## The elements of a just transition

This analysis attempts to identify explicit as well as implicit references to just transition. This includes references to issues that are just transition-related but not explicitly stated to be so. As such, it is necessary to identify which specific issues could be just transition-related.

Figure A.1. The elements of a just transition



Source: Chanda and Tyson (2026)

We follow Chanda and Tyson (2026) in adapting the Impact Investing Institute’s Just Transition Criteria, which provide investor-facing criteria for identifying just transition. These criteria list three distinct elements: climate and environmental action; socioeconomic equity; and community voice. A summary of the elements applied for this analysis is provided in Figure A.1.

As discussed in Section 2, implicit just transition is identified where there is an overlap between references to climate and environmental action and either socioeconomic equity or community voice. Explicit references to just transition are identified through use of the phrase ‘just transition’ or related terminology, such as ‘fair and inclusive transitions’. Only implicit and explicit references to just transition, identified through this process, are considered in the next two stages of the analysis, which identifies the scope and scale of just transition activity and ambition.

## The scope of just transition

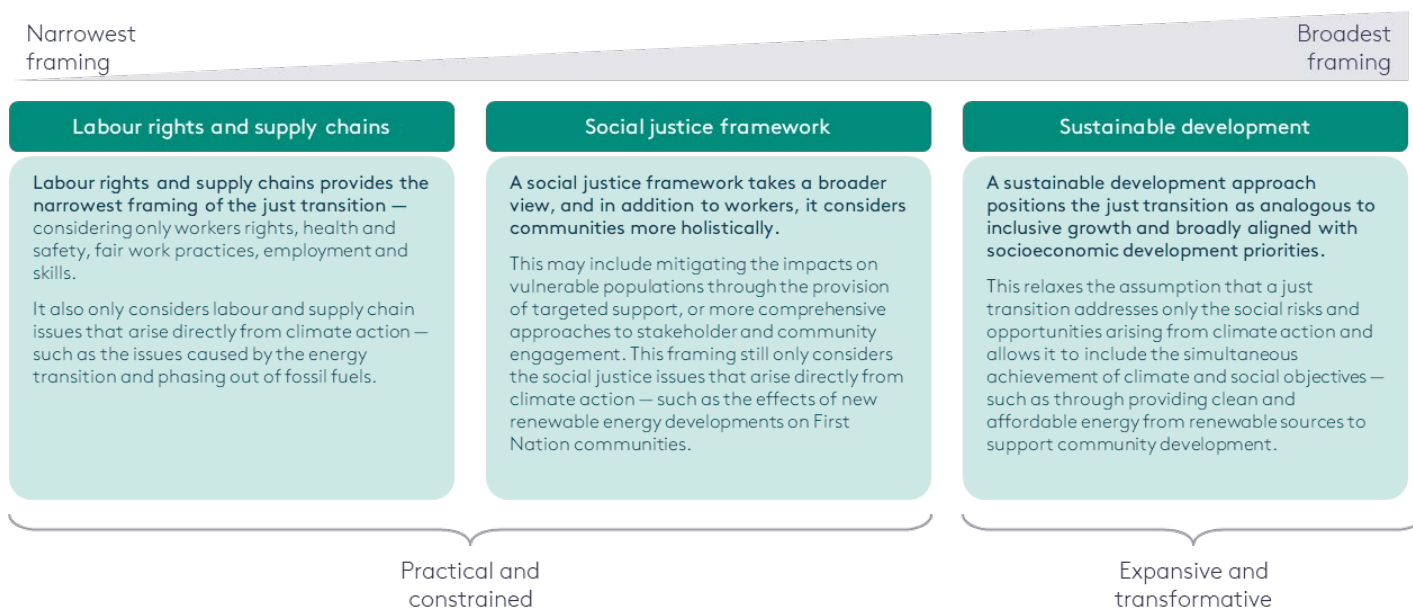
The scope of just transition, as discussed in Section 2, refers to how broadly or narrowly just transition is defined; it also constitutes different conceptualisations of what just transition means. The academic literature – see Wang and Lo (2021) – identifies five distinct conceptualisations of just transition, summarised in Table A.1. While this provides a comprehensive and academically rich perspective of different just transition approaches, it is challenging to map these to just transition considerations in financial documents. As such, a simplified version of these scopes is used – following Chanda and Tyson (2026) – which are illustrated in Figure A.2.

**Table A.1. Conceptualisations of just transition in academic literature**

Just transition theory	Description	Example applications
<b>Labour-oriented</b>	The earliest framing of just transition, rooted in trade union and worker protection movements. Focuses on ensuring decent work, retraining, income support and fairness for workers affected by the shift away from carbon-intensive sectors, including throughout supply chains.	Worker reskilling, training and support, advancing worker rights, including human rights and anti-slavery protections throughout the supply chain
<b>Integrated justice framework</b>	Expands the just transition concept to encompass distributive, procedural, restorative and recognition justice, not only for workers, but for communities, marginalised groups and future generations. It provides an integrated framework through which to consider energy, environmental and climate justice – including within and across jurisdictions.	Policies addressing regional inequalities in access to green jobs; inclusion of Indigenous rights and gender equity principles in energy transition planning
<b>Socio-technical transition (just energy transition)</b>	Positions the just transition within theories of systemic change – acknowledging that technological, institutional and cultural shifts must all occur for transitions to be both sustainable and fair. Focuses on the interdependence of technology adoption and social adaptation.	Transition management approaches, e.g. considering the macro, meso and micro implications of shifting a country’s energy base to renewable energies
<b>Governance strategy (sustainable development)</b>	Treats just transition as a policy and planning framework – an instrument for coordinating multiple actors (government, finance, industry, civil society) towards shared sustainability goals. Aligns closely with sustainable development principles, focusing on policy coherence, accountability and cross-sectoral collaboration.	Sustainable development policies, connecting inclusive economic growth to climate action, e.g. through the Sustainable Development Goals framework (see Robins et al., 2018)
<b>Perceptions and acceptance</b>	Examines how just transition is understood, framed and mobilised in public debate, and its level of public acceptance. Focuses on narrative, legitimacy and the political communication of fairness in climate action.	The exploration of just transition in wind farm developments as the extent to which local communities perceive them as positive additions to the community

Source: Adapted from Wang and Lo (2021)

**Figure A.2. Scopes of the just transition used in the analysis**

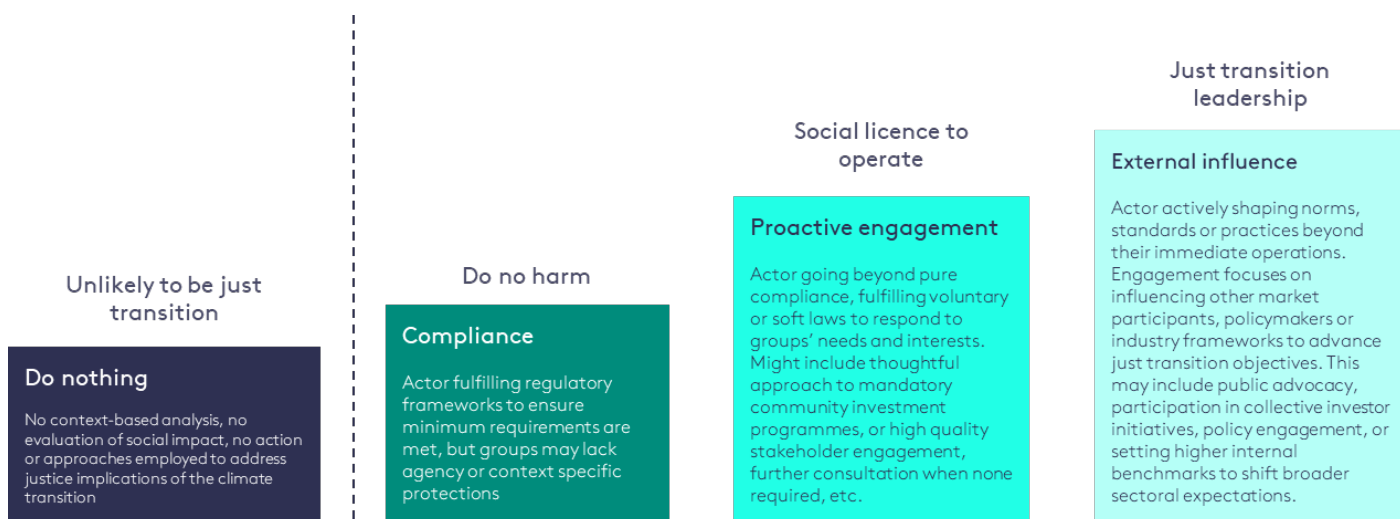


Source: Author

As shown in Figure A.2, the different ‘scopes’ of the just transition are placed into three categories. The first is the narrowest conceptualisation of just transition, which primarily considers workers in employer and supply chain operations. A broader approach considers communities as well as workers and supply chains and the application of justice principles, such as procedural justice, to climate action. The broadest approach positions just transition as the simultaneous achievement of socioeconomic development objectives alongside climate and environmental goals, and is comparable to treating just transitions as a subset of sustainable development objectives. This differs from the other two scopes which seek to address the social risks and opportunities that arise directly from climate action, which corresponds to the approach applied in Scheer et al. (2025).

### The scale of just transition ambition

**Figure A.3. Scale of just transition ambition used in this analysis**



Source: Adapted from Wang and Cerrato (2024)

The scale of ambition on just transition issues also matters. This can range from no action at all, to adopting a position of leadership on just transition issues. We adapt the work of Wang and Cerrato (2024) to present three categories on the scale of ambition on just transition by non-state actors such as

financial institutions and fund managers (see Figure A.3). The first is a compliance-based approach, which aims to follow national laws and planning regulations, and aims to do no harm. The second refers to exceeding planning and legal requirements and enhancing the actor’s social licence to operate through proactive engagement. The third refers to actors engaging externally, actively shaping market norms and practices and advocating for policy change, thereby adopting a position of just transition leadership.

### Putting it all together

The results of the analysis are presented in a 3x3 matrix, which considers the scope of the just transition on the x axis and the scale of ambition on the y axis (illustrated in Figure A.4). This provides a framework to map hotspots and coldspots of activity, allowing us to identify the categories of activity most prominent in the sample. Figure A.4 also provides descriptive guidelines for how the references revealed in the desktop analysis qualify for each of the nine categories within the framework.

**Figure A.4. Mapping the scope and scale of just transition**



Source: Author