Captialised Charity: Approach

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Just transition - grants

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

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

Grant-making:

• London School of Economics Grantham Institute ‘Investing in a Just Transition’ programme:
  • Analysis and investor guidance on integrating the social dimension into climate strategies, covering shareholder engagement and capital allocation.

• Forum for the Future and Influence Map: energy market transition

• Riding Sunbeams, Energy Garden and others: community energy

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Just transition – shareholder engagement

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

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

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Expectations for energy utilities’ just transition strategies

Workers:

• Workers reskilling and redeployment, considering increased roles for renewable energy, electrification and digitisation, grid flexibility and demand management, heat decarbonisation, and energy efficiency.

• Provision of good quality new jobs with full adherence to International Labour Organization (ILO) Core Conventions, e.g. collective bargaining; and improving diversity and inclusion.

Community:

• Fossil fuel site reuse to maximise retention of good quality jobs and utilise legacy grid infrastructure.

• Partnerships with local authorities and communities, including offering community ownership stakes in new renewable energy generation, and collaborations on local energy markets, demand management, and efficiency.

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Expectations for energy utilities’ just transition strategies

Supply chain:

- Place-based emphasis on suppliers and services for new infrastructure, and seek to add value to communities where they operate.

- Supplier standards covering labour, human rights and sustainability. E.g. adherence to the UN Global Compact and ILO Core Conventions throughout the supply chain.

Consumers:

- Energy affordability and fuel poverty alleviation, including energy efficiency and heat decarbonisation, and equitable distribution of system transition costs.

- Support for consumers, including vulnerable groups, to actively participate in the energy transition, including onsite generation, storage, and demand management.

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# Best Practice SSE Strategy

## SSE’S 20 PRINCIPLES FOR A JUST TRANSITION

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<td>Guarantee fair and decent work</td>
<td>17. Deliver robust stakeholder consultation</td>
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<td>18. Form partnerships across sectors</td>
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| 1. Co-create with stakeholders | 5. Factor-in whole-system costs and benefits |
| 6. Make transparent, evidence-based decisions | 7. Advocate for fairness |
| 10. Set social safeguards | 11. Share value with communities |
| 14. Establish and maintain trust | 15. Provide forward notice of change |
| 18. Form partnerships across sectors | 19. Promote further industrial development |
| 20. Respect and record cultural heritage |
Just transition - community energy

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

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

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Just transition – impact investing

Awel wind co-op – two turbine 4.7MW project

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

• 26 community gardens on London over-ground railway stations, funded by a portfolio of community owned solar arrays on Transport for London property and track side. Energy sold via pioneering Social Premium Power Purchase Agreements.

• Impact: urban food growing & biodiversity, education (school programmes), youth training (paid & accredited internships), air quality, carbon reduction, community wellbeing (100s of volunteers), commuter mental health, & public awareness (15,000 passenger visits per day per station)

• Measurable impact with data dashboard and Social Return On Investment calculator

• New community share offer, closes end October 2022, expected 5.5% financial return, £3 social return per £1 invested