CA100+ Disclosure Framework Just Transition Methodology Update

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Indicator 9 of the CA100+ Disclosure Framework (the Framework) assesses corporates on their Just Transition commitments and planning. Drawing on feedback provided by companies and investors during the open review and engagement periods, the TPI Centre has updated the methodology guidance for this Indicator. These updates, designed in consultation with academic experts, more effectively assess corporate disclosure on Just Transition for communities. This explainer summarises the key updates to the methodology guidance.

Structure of Indicator 9:

Indicator 9 comprises two Sub-indicators, 9.1 and 9.2, each containing three Metrics:

- Metric 9.1.a – The company has committed to decarbonise in line with defined Just Transition principles, recognising the social impacts of its decarbonisation efforts.
- Metric 9.1.b – The company has committed to retain, retrain, redeploy and/or compensate workers affected by its decarbonisation efforts.
- Metric 9.1.c – The company has committed that new projects associated with its decarbonisation efforts are developed in consultation with affected communities and, where relevant, with their Free, Prior and Informed Consent.
- Metric 9.2.a – The company has developed a Just Transition plan for how it aims to support workers and communities negatively affected by its decarbonisation efforts.
- Metric 9.2.b – The company's Just Transition plan was developed in consultation with workers, communities and other key stakeholders affected by its decarbonisation efforts.
- Metric 9.2.c – The company discloses the quantified Key Performance Indicators it uses to track its progress towards the objectives of its Just Transition plan.

Updates to the methodology guidance:

1. Free, Prior and Informed Consent (FPIC): Corporates are expected to seek FPIC (pertinent to Metric 9.1.c), only in cases where their operations directly affect or are located in the vicinity of Indigenous peoples.
2. Community focus: For certain sectors, the focus has shifted from communities directly adjacent to a company's operations to communities affected in the supply chain.

1. FPIC

In v2.0 and v2.1 of the Framework, Metric 9.1.c was worded as follows:

"*The company has committed that new projects associated with its decarbonisation efforts are developed in consultation with affected communities and seek their consent.*"

To be assessed as 'Yes' on this Metric, the company should have satisfied two sub-criteria:

1. Make an explicit commitment to engage, consult or work with affected communities, including to provide details on how they have implemented this commitment, such as who they have consulted with, what issues they have addressed and what outcomes they have achieved; and

2. Seek their consent as part of this consultation process.

The wording of this Metric in v2.2 of the Framework has been updated to:

"*The company has committed that new projects associated with its decarbonisation efforts are developed in consultation with affected communities and, where relevant, with their Free, Prior and Informed Consent.*"

With this change, sub-criterion 1 remains the same as before, however, sub-criterion 2 is now:

2. Make an explicit commitment to seek their Free, Prior and Informed Consent (FPIC) as part of this consultation process. Companies that do not operate in countries in which Indigenous peoples are present will not be assessed on sub-criterion 2 to commit to seek FPIC.

The update to the Metric clarifies the scope of the assessment. According to the UN Declaration on the Rights of Indigenous Peoples, Indigenous peoples should provide their FPIC before an entity develops a project on traditionally-owned land. The right to FPIC, and the expectation on companies to seek it before developing a project impacting Indigenous peoples, is cemented in the International Finance Corporation's Performance Standard 7.

Only companies operating in regions with Indigenous peoples are assessed on whether they commit to seeking and obtaining FPIC before developing projects which may impact them.

2. Community focus

In previous versions of the Framework, the assessment for this Indicator was exclusively focused on a company's workers and the communities impacted adjacent to its operations. From this iteration, for certain sectors, the community focus has shifted to communities impacted across the supply chain (see Table 1 below).

For these sectors, companies are assessed on their commitments and plans to support those affected upstream by their decarbonisation efforts, set out in companies' expectations of suppliers, specifically regarding the systems and processes suppliers implement to support local communities. For example, in the Airlines sector, where decarbonisation relies upon Sustainable Aviation Fuel (SAF) derived from crops, rising demand may drive land-use change upstream in the supply chain. Therefore, airlines will be assessed on their supplier expectations, ensuring local communities are consulted before the development of new SAF projects, and that projects in regions with Indigenous Peoples are developed in line with the principles of FPIC.

Identifying and addressing the most material Just Transition risks within the value chain lends credibility to a company's transition plan. These updates to the methodology guidance intend to evaluate companies on commitments and actions that are meaningful in addressing transition risks, whilst remaining realistic for them to undertake.

Table 1

Direct operations	Upstream in the value chain
Cement	Airlines
Coal Mining	Autos
Diversified Mining	Chemicals
Electric Utilities	Food Producers
Oil & Gas	Household and Consumer Products
Oil & Gas Distribution	Retailers
Other Industrials	Shipping
Other Transport	
Paper	
Steel	

Note: This categorisation is based on primary research and input from third-party academic experts.