Date: 28 February 2023

Transition Plan Taskforce – Consultation Survey

Background

- The Local Authority Pension Fund Forum was set up in 1991 and is a voluntary association of 86 local authority pension funds and six LGPS pool companies, based in the UK with combined assets of approximately £350 billion. It exists to promote the investment interests of the funds, and to maximise their influence as shareholders to promote high standards of corporate governance and corporate responsibility amongst the companies in which they invest.

Response

The Local Authority Pension Fund Forum (hereafter LAPFF or the Forum) supports the introduction of transition plans and welcomes the opportunity to respond to this important consultation given its impact on our members.

It is welcome that the framework now includes just transition considerations. This is something that LAPFF called for in our response (12 July 2022) to the previous Transition Plan Taskforce (TPT) consultation. LAPFF views this inclusion as a significant improvement. Nevertheless, LAPFF sees scope for the framework and guidance to be further improved so that just transition considerations are fully integrated across the different sections.

There is an implicit assumption about what the transition means with reference to net zero. However, the ultimate goal is not made explicitly. Given the Paris Agreement and the UK's legislative commitment through the UK Climate Change Act, LAPFF considers transition plans should be judged against whether they are consistent with a 1.5 degree scenario. This will help enable comparability between companies for investors.

The issue of clarity also applies to definitions of scope 3, 'value chains' and enabling companies to focus on carbon intensity rather absolute emission reductions. LAPFF's concern and experience as a user of company disclosures is that without clarity and precise definitions companies will interpret guidelines very differently. Ultimately this will undermine the TPT's objective of having consistent, comparable and decision-useful information.

Lastly, the lack of reference to existing UK legislation (Climate Change Act) also applies to wider domestic and international laws, standards and guides. This is specifically noticeable in relation to social implications of transitions where there is no reference to ILO Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises.

We hope that these comments and the more detailed responses to the survey are useful in strengthening what is an important initiative.

Detailed response

The TPT Framework includes a definition of a transition plan. How would you describe this definition?

C) The definition does not provide a sound basis for transition planning.

LAPFF agrees in general with the overarching definition. However, key elements are missing which mean that some companies could potentially interpret the definition in a way that does not lead to a credible transition plan. As such LAPFF has concerns about the definition and recommends including components to ensure the definition is watertight about what is meant by a *credible* transition plan:

- The definition should be more prescriptive about what the end game is. The end point often comes across implicitly rather than explicitly. By making the definition implicit and vague it risks organisations stating they have a transition plan without it actually being credible. As the UK government is committed to limiting global heating to 1.5 degrees then this should be the explicit focus. This is the UK government's policy and regulation is being aligned to move companies and economic activity towards reaching it. Companies may not have plans that are adequate to that task but being prescriptive about the definition will mean that companies have to explicitly state whether or not its plan is aligned with 1.5 degree pathway. By the TPT not clearly defining the ultimate objective of a transition plan, it risks unclear or obfuscatory disclosures. This is something LAPFF often experiences in current company disclosures. In addition, regulators are increasingly seeking to address this issue of misleading or unclear statements through the introduction of anti-greenwashing regulation. In this context, it is important that any TPT requirements are in line with these developing regulations.

- This lack of clarity is apparent under b. LAPFF would place specific emphasis on the need for urgent action now – the short and medium term actions. Some companies LAPFF engages are seeking to reach net zero by 2050, but even if achieved the lack of ambition now means that the carbon budget for staying within 1.5 degrees will be breached before then. A clear definition under a. and regarding short term action would also guard against disingenuous statements about plans moving to net zero 'in line with society'.
- LAPFF would also include reference to focusing on absolute rather than carbon intensity figures. While intensity metrics can provide useful context, ultimately the objective is to reduce actual emissions.

Regarding the fourth element of the definition, LAPFF welcomes its introduction. As LAPFF outlined in its last submission to TPT, a credible transition plan needs to include the social implications of the transition. However, LAPFF thinks this element could be strengthened with explicit mention of the just transition in the plan. The concept of a just transition is included in the Paris Agreement which the UK government signed up to. Just transition plans have been adopted by companies, and the just transition is a concept that major investors recognise (e.g. see CA100+ disclosure framework). The advantage of being more explicit about the need for a just transition is that TPT can relate and reference work already being undertaken in this area, including around definitions, targets and plans.

Where & how to disclose: User Feedback In both the TPT Framework and the Implementation Guidance, we recommend that entities:

Publish a standalone transition plan, b. Update the standalone transition plan at least every three years or sooner where there have been substantive changes, and c. Report progress against the plan and all other content in the plan that is deemed to be material to investors, consistent with corporate reporting norms, as part of annual TCFD- or ISSB-aligned disclosures in general purpose financial reporting

Helpful

LAPFF would agree with the recommendations. Publishing a standalone plan enables investors to understand the company's approach in a single document. Furthermore, if the document is to be done properly it would be too large to include an annual report. Whilst LAPFF agrees that it should be a standalone document, this should not mean that it can be hidden away. LAPFF would recommend that the main components of the plan are clearly set out in annual reports and that the full transition plan is clearly signposted in the annual report and on company websites.

Update the standalone transition plan at least every three years:

Helpful

LAPFF agrees this a sensible timeline. It provides time to update the plan so it remains accurate and relevant. From an investor perspective a document updated every three years would enable adequate scrutiny of the plan, including what has changed from the previous plan. It will also enable companies to have adequate engagement with investors about plans and, importantly regarding a just transition, engaging meaningfully with affected stakeholders.

A potential downside with a three-year cycle is that material changes can happen in the intervening period. While the disclosure framework rightly states that they are updated when there 'significant changes to the plan' how this interpreted may differ. As such, an annual 'say on climate' vote would not only provide shareholders with the opportunity to express their view on plans but also provides a mechanism for shareholders to express concerns when a plan has not been updated.

Report progress against the plan and all other content in the plan that is deemed to be material to investors, consistent with corporate reporting norms, as part of annual TCFD- or ISSB-aligned disclosures in general purpose financial reporting

Helpful

LAPFF agrees that progress should be reported along corporate reporting norms. While TCFD reporting has been integrated into UK reporting regulations there are no reporting norms for a just transition (section (d) of the TPT definition) within TCFD. The ISSB's general requirements for sustainability-related financial information are still in draft form. When they are finalised, they will be voluntary. The UK government has stated that it expects that it will inform its planned Sustainability Disclosure Requirements. As such, it is not clear how the social implications of a just transition should be reported against. This appears to be an area that needs to be further examined.

The Framework: User Feedback

In the TPT Disclosure Framework we provide disclosure recommendations aimed to assist entities to disclose credible, useful, and consistent transition plans. If you regard yourself as a user of transition plans, please assess the extent to which you expect disclosures in line with our recommendations to be useful for informing your decisions:

Please explain your selection to 1.1 Objectives and Priorities

The guidance is not useful in supporting effective disclosure

To increase the credibility, usefulness and consistency of transition plans for investors, it would be important for companies to:

State whether the objective of the plan is to stay within 1.5 degrees. As noted earlier, this is the position of the UK government and the expectation should be that regulation (regarding transition plans but also regulatory, legal and public policy environment in which companies operate) should align to this objective. This very high-level commitment is important for investors to understand the commitment of the company to changing its business model and understanding the risks that are faced. This will enable greater clarity, less confusion and less room for greenwashing. Closing these gaps will be critical for investors but also other stakeholders using the information.

The objectives do not cover section d of the definitions. LAPFF would expect the just transition to be explicitly referenced. Amongst other things, this should include: a high-level commitment to a just transition; its overarching approach to a just transition (including engaging relevant stakeholders); how the plan aligns with upholding international standards on human rights; and commitment to monitoring and reporting activity of a plan on the social impacts (including short-, medium- and long-term aspects of the plan and across different impacted groups: workers, consumers, supply chains and communities).

Please explain your selection to 1.2 Business Model Implications

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF finds this section to be useful. It will provide investors with a clear exposition of how the company sees the implications of the transition for its business model. The inclusion of a company assessment of risks for nature and stakeholders is very much welcome. LAPFF would suggest that workforce is extended to direct and indirect workforce given different employment practices used by companies (see Workforce Disclosure Initiative standard on this issue).

LAPFF would also suggest that inclusion of risks to material interdependencies, includes how this assessment was reached. Specifically in high level terms whether and how stakeholders were engaged in making the assessment. An assessment that was not based on the views of impacted workers, consumers, and communities is likely to miss or underplay risks and therefore will be treated differently by responsible investors to ones based on extensive engagement. While section three refers to engagement views of affected stakeholder groups is an important piece of information that should be referenced here and even more so given that section three (in its current drafting) does not include reference to workers or communities.

Please explain your selection to 2.1 Business planning and operations

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF welcomes the inclusion of “Where possible, quantify the contribution of each business and operational action towards achieving the objectives and priorities outlined under 1. Foundations”. Some companies are already starting to provide this information to investors. This disclosure provides useful information about the company’s approaches and enables investors to assess the credibility of the plans. LAPFF would hope that any sector specific guidance on this section includes components for disclosure to help with the provision of comparable information. LAPFF would also recommend referencing scopes 1-3 in this section to ensure full disclosure and consistency within and between plans.

In respect of the material interdependencies, this information is also welcome. However, it does read as a top-down exercise. LAPFF’s conception of a just transition (and indeed that of other investors and companies) is that a just transition requires a just process. That means working with and engaging stakeholders. Failing to gain buy-in from stakeholders is in LAPFF’s view likely to reduce its effectiveness and increase the chances of opposition from stakeholders. LAPFF therefore suggests that the section includes not only actions to mitigate risks but information about how stakeholders have been identified and engaged in the process of making the plan.

Please explain your selection to 2.2 Products and Services

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

It is useful to include. Simply divesting of a product or asset may have very little impact on emissions (and could make the situation worse). Divesting products or assets could also give the impression of action across the whole business when reductions have been achieved by disposing of a carbon-intensive division.

Given the potential for divestment to cause significant impact to stakeholders, which carries material legal and reputational risks, it is suggested that such considerations are included in the section. For example, how the company is ensuring similar labour standards when sold, how a new product is creating new jobs, or how communities, workers and consumers will be affected by no longer producing a good or service.

As such, LAPFF would recommend including reference to effective due diligence process, including human rights and environmental due diligence.

Please explain your selection to 2.3 Policies and Conditions

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

It is welcome for the guide to include a section on policies. This will provide investors and other stakeholders with a useful list of related documents.

However, this section in particular could become dated as other policies are introduced and updated over a three year period. Consideration could be given to guidance on how to ensure stakeholders are accessing up to date information.

With regard to the list of policies, LAPFF would suggest the inclusion of policies around lobbying. This could fall under the engagement bullet but is a major concern for investors and making it a separate bullet would align with later sections of TPT's framework (3.2 and 3.3).

The risk to stakeholders could also be more explicit about examples that could be included rather than a coverall bullet point. This includes company commitments to international human and labour rights standards and principles, supply chain policies (regarding climate change and human and labour rights), existing just transition plans and policies for engaging and listening to stakeholders.

Please explain your selection to 2.4 Financial Planning

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

This section could be very useful for investors. However, the way information is disclosed will be critical. For example, the framework includes R&D spend but the usefulness of the information will be dependent on what is included. How companies choose to define what is transition investment will change what the numbers look like. Global Witness's recent complaint to the SEC regarding Shell's annual report highlights some of these issues at stake. Greater clarity therefore around what is defined as transition investment and what is not would help strengthen this section.

The section would also be strengthened by companies providing context for spending. For example, how much CapEx is focused on the transition and how much aimed at existing carbon-intensive activities? This could also be extended out to other revenue/operational expenditures. LAPFF has seen examples of companies that are very keen to say how much advertising spend they are dedicating to their low carbon product but less forthcoming about ad spend on their traditional carbon emitting products.

LAPFF has considerable concerns about the use of direct air capture, carbon offsets and CCS. It would be useful from an investor perspective if information on such expenditure was included.

This section could be strengthened by including the reference to costs from supporting workers, communities, supply chains and consumers through the transition. This cost may be relatively small for some companies but could be significant for others. Providing data or narrative where it is expected to be small would be useful. It would further be useful for investors to understand how the company understands the risks and how it is planning financially for the transition.

Please explain your selection to 2.5 Sensitivity Analysis

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

The framework and definition includes the co-dependencies but it is not referenced in a section on sensitivity. How the transition is managed and the engagement with stakeholders are likely to have significant impacts on plans. This section would therefore be enhanced by reference to views from and impacts on stakeholders, including just transition considerations and rapidly evolving human rights legislation and case law.

Within this section reference should be made to the UN's Guiding Principles on Business and Human Rights which recommends businesses carry out human rights due diligence. In this context, this would help businesses understand affected stakeholders and therefore have a better understanding of what social factors could cause variance in transition plans. Such potential factors should include legal, operational and reputational ramifications but also the political and policy implications.

There should also be regard to geo-politics which could have potentially significant impact on the underlying assumptions on which plans are predicated.

Please explain your selection to 3.1 Engagement with value chain

The guidance is not useful in supporting effective disclosure.

LAPFF finds this section unhelpful. The term 'value chain' is frequently used in ESG circles. Whilst it can capture a general description of the elements that lead to value being created it is a fuzzy term with no clear definition. LAPFF has specific issues that derive from the use of an amorphous term:

There are examples used to hint at who is within the value chain. However, neither workers nor communities are mentioned. Workers are critical to the creation of value and to a successful transition – indeed it is hard to conceive how they are not. Furthermore, communities are fundamental to the creation of value. In the context of the transition, engagement with education providers, local authorities, workers and other employers (both public and private sector) may be critical to considering local skills provision that will be needed. Equally, seeking to open new operations or making important changes to existing operations in a community will be dependent on the consent of the community.

The current definition of ‘value chain’ is very loose. It gives examples but not does not state exactly what entities or groups should be included. This leaves very wide interpretation of what is meant by a value chain which will undermine an attempt to provide complete and comparable information on plans. Not least of these concerns is that ‘value’ could be interpreted as financial or business value alone, whereas in LAPFF’s experience, recognising the inherent value of people and the environment is critical both in a moral sense and in ensuring that a true financial value is measured. This latter approach is in line with how the UN Guiding Principles on Business and Human Rights approach human rights impact assessments, for example. Therefore, a clear definition of what is meant and what entities/groups are included should be provided. This applies to just transition considerations but also the credibility of decarbonising activities if certain suppliers or consumers are omitted.

Whilst the documents are sector neutral and companies will have different sets of stakeholders, there are existing legal and international standards which set out the requirement of companies to identify affected groups and engage with them. The UN’s Guiding Principles on Business and Human Rights are clear about recommended business responsibilities, including identifying and assessing actual or potential human rights risks and impacts which should involve meaningful consultation with affected groups. In other contexts, LAPFF has raised concerns regarding industry led standards which obscure legal requirements or internationally agreed standards. The TPT should avoid such pitfalls by including reference to, and ensuring alignment with, such standards and principles.

Third, there is no mention of how these engagement activities are undertaken. Engagement can be used to provide meaningful information or can be used to rubber stamp decisions that have already been made. Just transition definitions (for example ILO just transition guidelines and the conclusions of the government’s Green Jobs Taskforce) include the importance of social dialogue. However, there is no requirement to disclose the way in which engagement takes place.

Please explain your selection to 3.2 Engagement with Industry

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF welcomes the inclusion of industry wide activity. LAPFF has had concerns for several years about the way in which industry groups can be used to undermine and contradict the public positions of individual company members. The recommendations could be strengthened to make clear the expectations and governance arrangements for safeguarding against this practice. LAPFF’s position on the issue is that companies should consider:

- Reviewing and discussing membership at the board level, including when the company is about to join an organisation and regularly reviewing existing membership of industry groups.
- Undertaking, disclosing and acting on a specific review of membership of industry organisations as well their own public policy advocacy work, to assess and ensure the alignment with stated policy commitments made to shareholders.
- Having and disclosing criteria for discontinuing membership of an industry association and for distancing the company from statements from industry organisations which diverge considerably from their own.
- Using their influence within the industry organisation to change its policies where there is misalignment.

Please explain your selection 3.3 Engagement with government, public sector and civil society:

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF welcomes the inclusion of this section. LAPFF believes that this section could be strengthened by being clearer about disclosure expectations. This should look a lot more like section 3.2 covering what activities are undertaken (including personnel being on industry/government groups/committees), ensuring commitments aligned to public positions, alongside board oversight, governance process to review activity, and disclosing any misalignments and how they were addressed.

It is also not clear what is meant by engagement with civil society here.

Please explain your selection to 4.1 Governance, business and operational metrics and targets

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF has concerns about the current drafting that a transition plan could be overly reliant on intensity measures. While intensity data can be useful (not least those businesses expanding through acquisition) ultimately reaching net zero will rely on absolute emission reductions.

This section does not include any reference to metrics related to the natural environment and stakeholders. With regard to just transition considerations, metrics could include process targets around engagement and dialogue. It could also include information metrics around job losses and closed operations as well as new jobs created and operations opened. It would be helpful to include feedback from impacted groups. There are a number of initiatives looking at the issue including the World Benchmarking Alliance and the Financing a Just

Transition Alliance. Without the framework providing some instruction, the risk would be that these issues are ignored or that indicators only include a partial account (e.g. jobs created without referencing jobs lost or just a list of corporate philanthropy initiatives).

Please explain your selection to 4.2. Financial metrics and targets

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

As with 4.1, LAPFF would expect metrics and targets to focus on absolute emission reductions. It would also expect just transition considerations to be included.

Please explain your selection to 4.3 GHG emissions metrics and targets

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF welcomes the requirement to disclose absolute emissions and have targets for Scopes 1, 2 and 3.

Within the target section, it would be helpful to include the requirement to provide short-, medium- and long-term targets (and what is meant by each). At present it would appear that this section could allow a transition plan to ignore or underplay short and/or medium targets which would make it difficult to assess the credibility of the plan, alignment with 1.5 degree scenario and progress towards meeting longer term objectives.

The section could be strengthened by having a clearer definition of scope 3 emissions. In its current drafting, different interpretations could be made by companies of what is scope 3 and what is not. While the technical annex does provide reference to standards, these standards can be applied differently and within them reporting scope 3 can be optional (scope 3 reporting in the GHG Protocol Corporate Standard is optional while it is required if reporting against both the GHG Protocol Corporate Standard *and* the GHG Protocol Scope 3 Standard). As a result the standards themselves carry health warnings about comparability. Alongside a clear definition, the framework could also be strengthened by requiring companies to be transparent about methodology for calculating scope 3 emissions.

To improve comparability, defining expected carbon intensity measures for different sectors should also be included.

Please explain your selection to 4.4 Carbon Credits

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF recommends that it is stressed that carbon credits and offsets are used to only a very limited extent and then only as a last resort. As LAPFF's policy on the issue states, using voluntary offsets for avoidable emissions rather than taking the route of more substantial decarbonisation creates considerable investment and environmental risk. LAPFF does not condone companies superficially and excessively using credits and offsets. For example, the effect of tree planting in one area (for offset/subsidy) has been replaced by deforestation elsewhere. As such, emissions are not actually offset. Use of such offsetting also comes with ecological and community risks that need to be addressed for any offset projects.

The section should be expanded to include reliance on early-stage technologies, such as direct air capture and carbon capture and storage, for which future rates of deployment are highly uncertain.

With nature-based solutions being asserted as necessary for difficult-to-abate sectors, there is the risk of displacement of the opportunity for the latter given that offset capacity is finite. LAPFF considers that the definition of what sectors are ‘difficult to abate’ should have strict parameters and be subject to scrutiny and challenge, ideally through an annual review process. In sectors once considered hard to abate, technology has now been developed to reduce emissions. As such, LAPFF supports a clear legislative framework for carbon reductions.

Please explain your selection to 5.1. Board oversight and reporting:

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

It would be useful if this section explicitly references just transition considerations. Given the corporate governance code’s stress on workforce engagement (provision 5), it would be useful to reference how this works in relation to the transition (including workers having board positions) and more broadly how workers and other stakeholders feature in the governance arrangements.

It would also help if there is reference made back to having a plan covering three years and reporting back every year.

Please explain your selection to 5.2 Roles, responsibility, and accountability

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF supports the principle of a ‘Say on Climate’ and encourages all listed companies to submit a Climate Transition Action Plan to a shareholder vote at their AGMs on an annual basis. Companies’ failure to manage climate risk presents a significant threat to shareholder value. In LAPFF‘s view, filing resolutions at a limited number of companies with a high carbon impact is no longer enough. All listed companies need to present a clear strategy for reducing their entire carbon footprint (across Scopes 1, 2 and 3) on which investors can vote annually at each AGM. LAPFF endorses advocating for a mandatory ‘Say on Climate’ which would mean that regulation would ensure this opportunity would be on every listed company AGM ballot.

As outlined earlier a potential downside with a three-year cycle is that material changes can happen in the intervening period. The disclosure framework does require plans are updated when are significant changes but this could be interpreted very differently. As such, an annual ‘say on climate’ would provide a mechanism for shareholders to express concerns when a plan has not been updated.

As such, LAPFF would like to see this section include recommendation for a shareholder vote on the issue to ensure accountability - not just disclosure of whether there is one or not (the current wording could also be interpreted as approval being gained by means other than an AGM vote).

It is also recommended that the company state how accountability to wider stakeholders is ensured. This would be aligned to the director duties outlined in the Companies Act. LAPFF policy recommends that companies embed human rights and stakeholder input – including from workers and affected communities – in board and company decision-making in line with international human rights and environmental law, particularly through adhering to the principle of free, prior, and informed consent (FPIC). It also recommends that companies integrate affected stakeholder input, including from workers and communities, into operational-level grievance mechanisms, including how to develop appropriate responses to grievances.

Please explain your selection to 5.3 Culture

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF agrees that culture is a critical component to ensure that a transition plan can be developed appropriately and implemented effectively. The section could be strengthened by referencing adhering to international and national human and employment rights guidelines and laws as well as those related to the environment and climate change. The Forum encourages companies to adopt human rights policies and management practices in line with the UN Guiding Principles on Business and Human Rights and believes these policies and practices should be disclosed to shareholders. This includes meaningful engagement with affected stakeholders, such as workers and communities.

As mentioned previously, industry led standards and frameworks should treat legal arrangements and established international guidelines as a starting point and overlooking them risks undermining or confusing legal positions and established norms. LAPFF would recommend therefore reference be made to the ILO Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises. Committing to and adhering to these human, social and employment principles and rights should be a starting point for demonstrating a company's culture. As part of doing so LAPFF recommends reference be included to the processes for ensuring these rights are upheld, including due diligence processes and appropriate and effective grievance mechanisms.

Please explain your selection to 5.4 Incentives and Renumeration

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

LAPFF's view is that base salary should be the primary vehicle for remunerating executives and the variable component of pay should be kept to a minimum. LAPFF has also voiced concerns about the complexity of LTIPs.

However, LAPFF agrees that executive pay performance conditions should be aligned with business strategy and the key performance indicators of the firm (and not relying on earnings per share or total shareholder return metrics).

In this context, LAPFF would recommend that the TPT consider including reference to the following:

- Social as well as environmental metrics
- Incentive structures that clearly set out and are based on metrics rather than discretion
- Disclosure that separates out executive salary, bonuses and long-term incentives and the proportion and total remuneration for transition elements for the latter two
- Stated performance periods (to gauge whether the structure is aligned with long-term climate objectives)
- Clawback provisions for environmental and social factors, including where these are not being met
- How total quantum of pay aligns with any commitment to a just transition
- Provision for engaging shareholders on the issue
- Provision for engaging workforces on remuneration plans

Please explain your selection to 5.5 Skills, Competencies and Training

The guidance is useful in supporting effective disclosure but lacks sufficient detail.

This section could be strengthened by referencing future skills, competencies and training. As the transition will involve changes to business models and the way goods and services are produced and delivered, a description, with a forecast of changes, of how the company is seeking to deliver the plan would greatly strengthen it. This should include future needs within the organisation and across the supply chain, and the company’s approach over time to training, retraining and redeployment.