

Just Transition Finance
Case Studies from
Banking and Insurance

UN 
environment
programme

finance
initiative

Absa

Building an Integrated Impact Measurement Framework for Just Transition Finance

April 2026

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Cover photo: Aureliano Soares Martins with one of the cisterns he uses to water his crops. IFAD.org / © Fernanda Oliveira.

This report includes case studies illustrating how banks and insurance companies are embedding just transition considerations in their strategies, processes, products, and partnerships. It reflects practices current at the time of publication and is intended to support financial institutions in considering approaches to just transition; it does not prescribe specific actions or define expectations for financial institutions.

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Participation in the UNEP FI Just Transition Pilot Programme, or inclusion of a case study in this report, does not imply that a financial institution applies or endorses all statements, practices, or recommendations set out in this report.

Executive summary

The transition to low-carbon, climate-resilient economies is not only a technical challenge—it is a social one. Transition pathways that fail to address the needs of workers, communities, and vulnerable populations face growing political and operational risk, while those designed with equity and inclusion at their core are more credible, durable, and effective. Financial institutions play an important role in enabling and financing these pathways.

This report draws on the UNEP FI Just Transition Pilot Programme—a yearlong initiative that convened over a dozen banks and insurers for peer exchange and expert input—to document how just transition considerations are being integrated across banking and insurance. Its main contribution is a set of case studies illustrating how participating institutions are embedding just transition in their strategies, processes, products, and partnerships. These institutions are at different stages of engagement and operate in diverse regulatory, sectoral, and geographic contexts.

The case studies reveal that just transition integration has no single starting point. They are united not by a common method but by a common orientation—identifying where the social dimensions of transition are most material to the institution’s own portfolio, mandate, and client relationships, and building from there. For most institutions, this required organizational groundwork: cross-functional collaboration to bridge silos, internal capacity building to develop shared understanding, and senior sponsorship to establish mandate.

Product and client-facing finance saw significant activity, while partnerships and co-creation also proved essential: virtually every case study involves collaboration beyond the institution itself—with multilateral organizations, public authorities, peer institutions, municipalities, academic partners, or civil society—reflecting that the reach and legitimacy required for just transition finance often exceeds what any single institution can provide alone.

Recommendations

The case studies demonstrate that just transition finance has moved beyond conceptual endorsement into an early phase of applied practice. Institutions are moving past the question of whether just transition is relevant toward how it can be translated into concrete decisions. Building on the framework established in [Just Transition Finance: Pathways for Banking and Insurance](#), ten recommendations provide practical entry points for financial institutions at different stages of engagement:

- 1 Leverage just transition as a horizontal, integrative lens**, connecting climate, social, human rights, and business objectives rather than treating just transition as a standalone agenda.
- 2 Develop place-based and sector-specific strategies anchored in local realities**, leveraging local presence and partnerships to respond to concentrated transition risks and opportunities.
- 3 Embed social dimensions in transition planning**, systematically addressing social dependencies and impacts of institutional plans, and using transition planning as a vehicle for engaging clients on workforce impacts, gender equality, and inclusive transition pathways.
- 4 Align institutional practice with international standards as the baseline**, treating frameworks such as the UN Guiding Principles on Business and Human Rights as a floor rather than a ceiling.
- 5 Engage clients and business partners as co-agents of just transition**, investing in advisory capacity and co-designing financing and protection solutions around client needs.
- 6 Invest in meaningful stakeholder engagement**, developing channels for consultation and transparency that extend beyond existing client relationships to reach workers, communities, and affected populations, and encouraging clients to do the same.
- 7 Advance just transition through partnerships and collaboration**, contributing to public-private partnerships, multi-stakeholder initiatives, and the broader enabling environment for just transition finance.
- 8 Recognize the broadening scope of just transition**, extending approaches beyond industrial phaseout to transition-enabling activities, adaptation, resilience, nature, and the circular economy.
- 9 Invest in governance, capacity, and cross-functional coordination**, addressing internal silos and cultivating senior sponsorship to create mandate and accountability on just transition.
- 10 Develop approaches to measuring and reporting on just transition activities and outcomes**, including simple, decision-useful indicators that can track progress without waiting for comprehensive methodologies to mature.



Case studies: Just transition finance in practice

Click the organization's name on this page to read their case study and click [here](#) to read the full report.



Absa

INDUSTRY

- Banking

REGION

- South Africa, pan-Africa

CLIMATE FOCUS

- Mitigation
- Adaptation

KEY THEMES

- Climate and social impact measurement
- Regionally tailored frameworks
- Customer-led sustainable solutions
- Governance and capacity building
- Process integration
- Blended finance and investor engagement

Absa Group is developing an impact measurement and management framework to support the financing of a just transition across the Group's pan-African footprint. The bank's double materiality assessment identified the just transition as a priority from both a financial and impact perspective, with the aim to identify both positive and negative impacts of its financing activities and deliver positive environmental, social and economic outcomes. This assessment reflects the centrality of climate-sensitive sectors in the regional economy: financial and social wellbeing are deeply implicated in Africa's climate transition. As a leading bank in the region, Absa is positioned squarely within this nexus between risk, opportunity, and impact. With varying levels of regulatory maturity across African markets, commercial opportunity, investor expectations, and reputational positioning are the primary drivers for action. Absa is seeking to build a credible framework to demonstrate measurable climate and social impact, strengthen internal decision-making, and position itself to attract investor and blended capital that can help unlock and scale financing for a just transition. This framework aligns with Absa's purpose, "Empowering Africa's tomorrow together... one story at a time" and supports the Group's strategic priority to lead with purpose and deliver shared value to a diverse range of stakeholders.

Building an Integrated Impact Measurement Framework for Just Transition Finance

Absa Group's overarching strategy, which prioritizes shared value, purposeful leadership, and sustainable growth provides the backdrop for its net-zero commitment and social ambitions on inclusion.¹ The just transition emerged as a strategic priority because it sits at the intersection of these goals. These ambitions are further reinforced by Absa's focus on financial inclusion and data capabilities, which shape how transition risks and opportunities manifest in South Africa. Decarbonization will intersect with complex labour and enterprise dynamics, particularly in South Africa where unemployment, energy insecurity, and uneven opportunities for diversification amplify the social stakes of transition.

In many of the African markets in which Absa operates, with stakeholders across corporate, business, and retail segments, regulatory drivers for climate action remain immature,^{2,3} so the impetus to act comes largely from commercial opportunities and stakeholder alignment. Engagement with investors, in particular, is becoming increasingly crucial, since they represent a potential channel to unlock concessional finance in a context where global sentiment on sustainability has proven inconsistent.

Developing an integrated climate–social impact measurement framework

Absa's work on just transition emerged through the necessity to reconcile its net-zero ambitions with the realities of its customer base and local economic realities. Many SMEs and households operate in sectors or regions that are impacted by transition risks and opportunities, from effects on energy access and affordability, to employment patterns and skills needs, to the viability and

competitiveness of local value chains. Ensuring that sectoral and localized transitions create opportunities for workers and communities, particularly women, youth, and SMEs, is essential to mitigating transition risks, strengthening socio-economic resilience, and advancing Absa's just transition objectives. At the same time, existing ESG tools and conventional credit methodologies were insufficient to evaluate the effects of these transitions or to identify where climate and social outcomes could meaningfully be delivered together. Absa therefore needed a more structured, decision-useful way to assess how financing activities would affect workers, SMEs, and vulnerable communities.

Absa faces the challenge of embedding these considerations within a banking business model. Indeed, in earlier stages of developing their approach to transition, sustainability team staff faced skepticism about whether banks should be expected to shoulder transition costs in the absence of regulatory mandates. The commercial advantages were also unclear. Early experiences issuing climate and social bonds strengthened Absa's reputation but yielded little benefit to financial performance, which reinforced that better evidence of impact performance would be essential for mobilizing external capital and driving more consistent practice.

Senior sustainability leadership eventually identified that a transparent and consistent impact measurement system was the necessary foundation for this shift. Rather than arguing over whether just transition finance was feasible, Absa Group needed a way to demonstrate, in a structured and credible manner, how climate and social outcomes could be delivered together. This recognition helped crystallize a change in internal dialogue, with a growing focus on how

a just transition approach could be operationalized. Contributions from external consultants, along with the precedent of earlier innovative work with partners such as the African Development Bank, helped build momentum and technical clarity. These partnerships provided practical insights into structuring transactions, defining measurable indicators, and integrating safeguards, giving internal teams confidence that just transition finance could be executed in mainstream portfolios.

Absa introduced a maturity scoring framework to benchmark readiness across pillars such as net-zero commitment and transition plan robustness. This included assessing whether sector pathways extend to 2050, interim targets are science-based, and financing strategies incorporate climate solutions and incentives. Additional criteria included governance arrangements, data capabilities, and the extent to which labour and value-chain impacts were incorporated into sectoral plans. The framework also flagged gaps in timelines beyond 2030 and prioritization of actions, reinforcing the need for a comprehensive transition plan aligned to 1.5°C.

The pilot centers on the development of an integrated impact measurement framework that captures both climate and social outcomes across Absa's retail and corporate portfolios. The framework aims to define the metrics and methodological guidance

necessary to make impact information genuinely decision useful. Although it draws on international standards such as European Banking Authority (EBA) and Glasgow Financial Alliance for Net Zero (GFANZ) guidelines, its design is deliberately tailored to African market realities, where transition pathways, social risks, and development priorities interact in different ways from high-income contexts. The framework specifies a tiered set of climate and social indicators—including resilience metrics, financed-emissions metrics, employment impacts, SME inclusion, affordability outcomes, and gender/youth participation—and outlines how proxy data, national statistics, and geospatial datasets can be used to address data gaps. It further describes how these metrics will feed into credit processes, portfolio steering, investor engagement, and product development. Absa's approach also incorporates South Africa's Integrated Resource Plan 2025, which acknowledges coal's near-term dominance while signaling a gradual shift to renewables, gas-to-power, and nuclear. This ensures the transition plan reflects energy security and socio-economic imperatives unique to Africa, rather than assuming rapid fossil phase-out. By stress-testing against scenarios like "Stable at 1.5°C with resilient infrastructure" and "Unmet SDGs and regulatory uncertainty", Absa anticipates fragmented policy environments common in African jurisdictions and builds strategies for resilience.

The Sustainability framework: A Blueprint for Growth and Trust



For Absa, success lies in creating a system that not only supports internal decision-making and client conversations but also strengthens the Group's ability to engage credibly with investors. This includes equipping credit teams, relationship managers, product teams and capital-markets units with consistent, actionable impact information to identify opportunities and structure solutions. A robust framework would also provide the groundwork for re-engaging labeled bond markets if pricing advantages re-emerge.

Challenges, enablers, and lessons

The process has revealed several challenges. Volatile global sentiment toward sustainability has complicated access to international capital markets, and limited domestic regulatory pressure reduces

incentives for clients to transition. At the same time, international measurement frameworks are still evolving and often assume data availability or institutional capacity that does not reflect African market conditions. Nevertheless, internal alignment around the need for a consistent impact measurement system has further strengthened organizational readiness, helping business units adopt a more integrated approach to climate and social opportunity assessment.

The framework is already shifting internal conversations, moving the Group away from debating whether just transition finance is possible and towards a more practical focus on how to measure and scale it, while also clarifying the roles of credit, product, relationship management, and capital-markets teams to enable more coherent engagement with clients and investors on transition-related impacts.

Absa's experience illustrates that credible measurement and transparent frameworks are essential precursors to scaling finance and that institutional investors are likely to remain central actors in mobilizing capital for the African continent. Key questions remain about future investor appetite and the adaptation of global frameworks to African realities, but Absa's work provides an early blueprint for how a major regional bank can help build the foundations of mobilizing and aligning financial flows for Africa's just transition.

Endnotes

- 1 Absa Group Limited. Sustainability and Climate Report 2024. Johannesburg: 2025. Available from: absa.africa/wp-content/uploads/2025/04/Absa-Group-Limited-Sustainability-and-Climate-Report.pdf [Accessed 4 March 2026].
- 2 Srivastava S. and Tiwari S. Financing Just Transitions in Emerging Economies: Aligning Climate Goals with Inclusive Economic Transformation for Emerging Markets and Developing Economies. New York: Institute for Energy Economics and Financial Analysis; 2025. Available from: ieefa.org/sites/default/files/2025-06/Financing%20Just%20Transitions%20in%20Emerging%20Economies.pdf [Accessed 4 March 2026].
- 3 UNEP Finance Initiative. Climate Risk Regulation in Africa's Financial Sector and Related Private Sector Initiatives. Geneva: 2021. Available from: unepfi.org/wordpress/wp-content/uploads/2021/11/Climate-risk-regulation-in-Africas-financial-sector-and-related-private-sector-initiatives-Report.pdf [Accessed 4 March 2026].



UNEP Finance Initiative brings together a large network of banks, insurers and investors that catalyzes action across the financial system to deliver more sustainable global economies.

For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda. We've established the world's foremost sustainability frameworks, helping the finance industry achieve sustainability goals, address sustainability risks and identify the business opportunities in taking a responsible approach to banking and insurance.

Convened by a Geneva, Switzerland-based secretariat, more than 550 banks and insurers are individually implementing UNEP FI's Principles for Responsible Banking and Principles for Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply these industry frameworks and

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develop practical guidance and tools that drive institutional change, shaping the future of sustainable finance and positioning their businesses for the transition to a sustainable and inclusive economy. In parallel, UNEP FI also drives systems change and fosters enabling conditions in service of the broader mission to mobilize and align private finance to help achieve the UN Sustainable Development Goals.

Founded in 1992, UNEP FI was the first organization to engage the finance sector on sustainability and incubated the Principles for Responsible Investment, now the world's leading proponent of responsible investment.

Today, we cultivate leadership and advance sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean, and North America.



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