

# Financing a global Just Transition

Our plan to make finance work for people *and* the planet

**Financial markets need to change if we are to meet the environmental and social challenges of the next decade.** Much more capital is required to stimulate recovery from the COVID-19 crisis, address the climate emergency and meet the UN's Sustainable Development Goals (SDGs).

**\$100 billion  
per year**

the amount of climate  
finance rich countries  
have pledged to  
developing countries

**\$2.5 trillion  
per year**

financing the UN estimates is  
required to achieve the SDGs in  
developing countries by 2030

**The resources to bridge the gap are there.** The world's top institutional investors collectively manage over \$100 trillion in assets.<sup>1</sup> A rising proportion of this capital is being deployed with awareness of environmental and social impact. And more and more investors are recognising the deeply interlinked nature of the needs of people and the planet, by acknowledging the idea of a Just Transition, i.e. a transition to Net Zero that is inclusive and socially beneficial.

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Core to Just Transition is the recognition that **climate success will be contingent on designing a transition that is both fair and seen to be fair** across regions and across the socioeconomic spectrum.<sup>2</sup>

**Investors and financial market actors need to go much further – and act much faster – if we are to meet the challenges of our time.** As part of the G7 Impact Taskforce, backed by the UK Presidency of the G7, we are working with over 100 leading investors and thought leaders to support the development of vehicles and structures that harness the momentum in climate finance to mobilise investment at scale towards meeting the long-term and inextricably linked needs of people and the planet.

**Financing the Just Transition is a significant opportunity for investors:**

**4.3  
percentage  
points**

the median total return by which  
US sustainable equity funds  
outperformed their  
traditional peers  
during 2020.<sup>3</sup>

<sup>1</sup> Thinking Ahead Institute (2020). The world's largest asset managers – 2020 <https://www.thinkingaheadinstitute.org/research-papers/the-worlds-largest-asset-managers-2020/>

<sup>2</sup> LSE Grantham Institute and University of Leeds (2021).

<sup>3</sup> Morgan Stanley (2021).

## Our goal

**We are driving the change we need to see in the financial markets.** We are mobilising capital to deliver positive environmental and social impact, and ensure it goes where it is most needed, including developing countries.

**We are focused on mobilising capital to stimulate recovery from the COVID-19 crisis and drive fairer and more sustainable economies in the long term.** While the impact investing market has grown rapidly, it still represents only a small fraction of all professionally managed assets

**We are proposing practical solutions to harness private capital at scale for public good.** Working with our partners in the G7 and across the globe, we are co-creating actionable pathways so that more capital goes towards meeting the inextricably linked needs of people and the planet.

## What we are doing

We co-lead, with the Global Steering Group for impact investment (GSG), the **G7 Impact Taskforce**. The Impact Taskforce is an independent, industry-led effort backed by the UK presidency of the G7 to contribute to a sustainable and inclusive recovery from the COVID-19 crisis and help to drive the transition to a sustainable, impact-driven global economy.

Through the Impact Taskforce, we are devising solutions to mobilise more private institutional capital **towards the well-being of people and the planet and achieving the SDGs**. We are applying a particular focus to mobilising capital for the transition to Net Zero and a fair society for all – i.e. **a Just Transition**.

We are co-creating a **Just Transition Standard**, which provides a **common understanding** of the Just Transition based on three key elements – delivering **climate action**, improving **socio-economic distribution and equity** and increasing **community voice**. The **Just Transition Standard** articulates what “good” looks like in delivering integrated environmental and social impact, and is designed to support policymakers and investors as they integrate a Just Transition lens into their decision-making and investment strategies.

We are developing **Just Transition financing vehicle blueprints**, co-created with over 100 leading global investors and thought leaders. The **blueprints** provide practical guidance to design financing instruments that can drive integrated environmental and social outcomes, across asset classes and geographies.

The Impact Taskforce’s **findings and recommendations** – designed to spur simultaneous action by all parties - will be shared with the UK’s G7 Presidency, G7 Foreign Affairs and Development Ministers, the financial services industry and standard setters, global leaders and the public, in December 2021.

### Technical Working Group Senior Advisor



**Laurie Spengler**

Founder & CEO, Courageous Capital Advisors, LLC and Board Member & Lead Expert, Impact Investing Institute

### Our partners



### Our Technical Working Group partners



The Advisory Panel on Just Transition financing vehicle of the Impact Taskforce comprises representatives from over 40 leading global institutions and independent experts. A full list of members is available on our [website](#).

