

INTERVIEW WITH CHARLOTTE O'LEARY

CEO
Pensions for Purpose



1. Can you tell us about your career and personal journey? What inspired you to take on your current role as CEO of Pensions for Purpose? What excites you most about your work, and what are the career and personal achievements you're most proud of?

My career in investment began almost by accident, as I wanted to financially support myself while pursuing my psychological studies. From a young age I was very aware of finances and the importance, particularly as a woman, of being financially independent and having a wealth of skills. I had always wanted to help people and focus on self-development in order to achieve that. I completed Duke of Edinburgh awards while at school and the Young Enterprise programme through GCSEs, and I also worked for a short time in charities and as a teaching assistant with children who had special educational needs. This gave me a huge sense of fulfilment. I never stopped trying new things and challenging myself, from years training in kickboxing and kung fu, to working with youth offending programmes, completing the mental health first aid qualification and taking courses in anthropology, archaeology, neuropsychology and child development. Even now, my thirst for knowledge and to grow my understanding of new topics and push myself shows no sign of waning. I have always set myself challenges and leant into discomfort because I believe this helps me understand my ability to grow and reflect. Last year, I completed a fitness competition every month. I have no doubt that it was this mental resilience and "all things are possible" mindset that pushed me to take the CEO role I have now held for the last four years.

My journey in investments started in asset management at firms like Jupiter, Pictet and Investec, but I became increasingly frustrated with a system that prioritised product proliferation over client-centric solutions. I could see that the system we were operating in was leading to inequity and unintended consequences, and a siloed working model was compounding this. Transitioning to investment consulting gave me a clearer view of the industry's conflicts and misaligned incentives, especially within pensions.

In 2020, I took what many might see as a bold move, picking out a small business I had a lot of respect for, and which matched my values. Taking on a role at Pensions for Purpose, an independent organisation committed to driving capital towards investments that benefit society and the environment, it was obvious to me the massive potential that lay at its feet. Our independence makes it possible to broker discussions between stakeholders and to aid collaboration, which is essential to achieve progress at scale. I have always been able to see multiple perspectives and map connections to uncover root problems, so being able to apply this mental model to an organisation trying to uncover root issues and find solutions has helped me to thrive in my role, but also for the business and our vision to grow.

My proudest achievements include launching the Impact Investing Principles for Pensions in partnership with the Impact Investing Institute, growing Pensions for Purpose to over 400 members, launching industry-leading services such as Impact Lens research with our Chair and Founder to create industry change, training and advising pension funds to make allocations to funds and companies that are creating environmental and social solutions. As a business leader, I have also championed better business by being a strong advocate for the Better Business Act, lending our voice to the Stop Ecocide Bill, completing the impact assessment to become a B Corp and pushing for us to now be a Living Wage and Living Pensions employer. This is just the start, but it affirms that we're making a tangible difference in our industry. Through 2025, we will go to the next level via the launch of our ecosystem themes and partnerships to help drive the agenda on system and governance change, impact integration, people value, place lens, climate innovation and biodiversity and natural capital. We constantly seek to be the change rather than only encouraging it.

2. From your perspective, what are the biggest challenges and opportunities facing the pensions and investment industry regarding climate risk? How is Pensions for Purpose contributing to addressing these challenges?

Possibly the greatest challenge centres around the way people frame the climate issue, and specifically climate risk. While many stakeholders across the investment chain recognise climate as a risk factor, the challenges surround the adequate sizing of that risk and the massive opportunity to invest in industries and companies that not only alleviate climate risks but actually allow the climate, nature and people to thrive. This requires a mental shift from organising climate as well as other factors like biodiversity and inequity into our traditional financial system to changing the system in order to best address the climate.

There are still assumptions, values and beliefs we need to challenge around sustainable and impact investing. One significant gap involves the availability of suitable products—many asset owners perceive a lack of viable options, despite a wide range of appropriate solutions already existing but remaining under-recognised. Additionally, misconceptions persist, with many stakeholders believing that impact investing conflicts with fiduciary duty, necessitates sacrificing returns, or imposes significant additional costs due to due diligence, resource needs, and reporting requirements. These misunderstandings collectively hinder progress, despite ample evidence that sustainable investments can effectively mitigate risks while delivering strong financial outcomes. In fact, our Impact Lens research on this topic was published to help dispel this myth, and demonstrates the strength of what we do. We develop services to fill data gaps and bridge understanding so that more capital flows towards solutions.

Providing adequate and targeted training is central to addressing these perception gaps. By equipping trustees, asset managers and advisers with a deeper understanding of climate risks and the opportunities presented by sustainable investments, we can build both confidence and capability within the industry.

The opportunities for action are immense. Pension funds possess substantial capital that can drive the transition to a low-carbon economy. Investments in renewable energy, green infrastructure and nature-based solutions are not only essential for addressing systemic risks, but also offer considerable long-term growth potential.

At Pensions for Purpose, we are committed to closing these perception gaps by offering targeted training, facilitating forums for knowledge-sharing between peers and highlighting best practices for integrating climate and social impact into investment strategies. Through these efforts, we have been successful in helping many of our asset owner members move beyond misperceptions and allocate capital to sustainable investments that make sense for their scheme members.

3. What key trends are you observing in the pensions and investment space related to climate risk?

Making TCFD reporting mandatory in the UK has highlighted and created transparency over what pensions and other investment actors are doing on climate. This has highlighted where there are gaps and barriers, unveiling issues with data around carbon emissions, climate scenario analysis and the reliance on quantitative models. Although frustrating for many who want action to happen quickly, and there is no doubt that this is needed, transparency has meant these issues have been uncovered and are being addressed. It is encouraging to see some of the largest UK pension funds setting ambitious targets around net zero, collaborating with universities and specialists as well as with each other to drive the industry forward.

The signals from the FCA, TPR and government have also been significant in terms of showcasing the compatibility of fiduciary duty with climate risk factors, in particular, as brought out in the FMLC paper, but also in relation to the creation of transition plans. Asset owners leading the way on this pushes the companies they rely on for advice and to manage their capital to think, behave and operate differently by having to report on and manage the risks and opportunities associated with climate.

There is also growing recognition that impact investing, as an extension of addressing climate risks by investing in climate opportunities, is not limited to specific portfolio allocations but extends across the entire investment ecosystem, influencing everything from corporate culture to member contributions. This broader understanding reflects a shift in mindset about the role of investments in shaping outcomes.

Another key development is the emphasis on a just transition, where addressing climate, biodiversity and other anthropogenic risks is accompanied by an understanding that they are all linked in the first place, and a commitment to ensuring that the transition to a green economy does not marginalise people. This holistic approach acknowledges the social dimensions of environmental change.

Additionally, the increasing awareness of biodiversity loss and risks to natural capital is compelling funds to expand their climate strategies to include nature-related risks. This shift highlights the interconnectedness of environmental challenges and the need for integrated solutions.

The liability-driven investment (LDI) crisis in the UK also prompted a reassessment of investment strategies. It has underscored the importance of resilience and diversification, with greater consideration being given to cash-flow-driven investing and real assets as alternatives to over-reliance on singular approaches.

4. As someone who aligns personal and professional ambitions, how did you achieve this balance? What advice would you give to younger generations starting their careers in the pensions and investment industry?

Achieving balance required me to step back and assess where my personal values aligned with my professional ambitions. I prioritised roles that allowed me to challenge the system and promote sustainability. My personal life has given me a unique perspective on gender inequity and the importance of financial resilience, which directly informs my work.

To younger professionals, I would say: Focus on areas where you can make a meaningful impact. This industry is complex, and understanding it fully takes time – and it's OK to pivot if you find a role or organisation doesn't align with your values. As in all industries, I encourage you to build genuine relationships – they're invaluable for growth and collaboration, and will last you a lifetime.

5. How do you foster authentic relationships with stakeholders, and ensure their evolving needs around people and planet are met?

Authenticity begins with empathy and a genuine commitment to understanding the perspectives and needs of stakeholders. At Pensions for Purpose, we prioritise actively listening to our membership, being fully transparent and available to discuss their views or concerns. This collaborative approach means we're better placed to understand members' changing needs.

When it comes to meeting the diverse needs of pension funds, trustees and advisers, our approach includes providing tailored education, offering everything from foundational ESG training to in-depth sessions on impact investing. We do not launch a service without a clear need and impact case, and as a profit for purpose business this makes us unique but also resilient. Staying true to our purpose and vision takes discipline and courage.

In addition, we are strong advocates for greater representation among trustees, working to ensure that decision-making bodies better reflect the diversity of scheme members and their unique needs. By building trust and emphasising solutions that prioritise both people and the planet, we empower stakeholders to evolve their strategies and contribute to a more sustainable and inclusive future.