



Society is at the heart of a just transition

Climate change is often categorised as an environmental problem sitting neatly in the 'E' box of ESG, but its essence is all about people. Unmitigated climate change can devastate lives, destroy homes and communities, impact health, contribute to conflict and damage livelihoods

By Constance Johnson



At this all-member event, we invited a panel of experts to discuss the just transition. Our intention was to gain a deeper understanding of how climate change affects people and social factors, how different market players are considering the just transition, as well as investigating practical knowledge and tools to align investment practices.



Laasya Shekaran, Director at *Pensions for Purpose*, invited *Marsh McLennan (MMC)*, *Rights CoLab*, *Green Finance Institute* and *The Predistribution Initiative (PDI)* to discuss the just transition – why it is so important, how we can achieve it and what investors should do to address it.

The emphasis of the event was that climate change should not be viewed solely as an environmental issue but also as a social one, impacting people's lives significantly. There is a growing recognition climate change disproportionately affects marginalised

groups, particularly in the global south, who often bear the brunt of its consequences without being responsible for its causes. The need for a just transition was highlighted as essential to ensure the people most affected are included in discussions and decisions about climate action. This perspective underlines the interconnectedness of climate action and social equity; ultimately societal wellbeing must be at the heart of climate initiatives.

Investment in the just transition



Swenja Surminski, Managing Director, Climate & Sustainability at MMC and Professor in Practice at the *Grantham Research Institute (London School of Economics and Political Science)*, explored practical examples of how investors could align their investments with the just transition framework. This includes focusing on social housing, retrofitting initiatives, and community engagement to create financially viable and socially responsible investment opportunities. The emphasis was

on breaking down geographical challenges, particularly in the UK, and addressing local inequalities while also considering the broader global context of climate justice.

Impact of political polarisation on climate change efforts

The discussion turned to how political polarisation, particularly in the context of the global north, complicates efforts to address climate change. The divergence of public opinion surrounding environmental, social and governance (ESG) factors has led to resistance against climate initiatives, with some viewing them as elitist.



Paul Rissman, Co-Founder, *Rights CoLab*, shared insights on how addressing socioeconomic inequalities is crucial to overcome this polarisation, underscoring the need for inclusive dialogues that consider diverse perspectives and address climate and inequality issues.

Collaboration and investment

Steven Penketh, Senior Adviser, *Green Finance Institute*, stressed that inaction carries catastrophic consequences and climate investment should be viewed as an opportunity rather than expense. Large-scale infrastructure investment can drive jobs, income and growth while reducing long-term costs. However, for a successful transition, private capital must be mobilised through structured asset classes and funding platforms. The government must play a role in mitigating early-stage risk before stepping back. A more strategic public-private dialogue is essential to create sustainable, self-sustaining investment mechanisms for the future.

Global & local perspectives in the transition



Delilah Rothenberg, Co-founder and Executive Director, *PDI*, highlighted that Community engagement and local authorities can help identify and implement just transition initiatives. The discussion also focused on the importance

Audience feedback

How much responsibility should investors (especially trustees of pension schemes) take for this theme?

Group one:

moderated by Claudia Sanchez, Sales and Client Relations Manager, AXA Investment Managers

- The discussion started by considering whether pension management should extend beyond income and financial returns to consider environmental, social and health impacts, reflecting a more holistic fiduciary duty.
- The financial sector should integrate risk-adjusted returns with a broader analysis of how capital affects society and the environment, ensuring a more comprehensive investment approach.

What can investors do with their capital allocation to address the just transition?

Group two:

moderated by Bill Manahan, Director of Institutional Solutions, Downing

- It was noted investors are still adapting to their role in driving transition and change, highlighting the need for early-stage stakeholder interaction before the supply and demand phase.
- The discussion then emphasised that investors alone cannot create investable opportunities; collaboration with key stakeholders is essential to developing viable capital deployment avenues.

Should investors collaborate more with each other on this, as well as with other bodies – like research institutes, industry bodies and civil society?

Group three:

moderated by Rhian Campbell, Sustainability Associate, Cardano

- The conversation started from the premise that pension schemes hold significant power in the industry, and leveraging collective influence through joint initiatives and tough questioning could drive meaningful change.
- A key discussion point was balancing short-term incentives with long-term performance, emphasising the need for sustained daily habits rather than relying on fleeting trends influenced by bonuses, portfolio managers and political shifts.

What can investors use stewardship to address the just transition?

Group four:

moderated by Simon Males, Executive Director and Head of UK Institutional Business, Tikehau Capital

- It was highlighted that, while recent changes have influenced the landscape, the focus remains on demonstrating tangible progress.
- With 2030 and the need to halve carbon emissions just five years out, collaboration is underway, though there is significant scope for increased efforts.

of understanding the just transition in both global and local contexts. While the global south faces unique challenges due to historical emissions and current vulnerabilities, there is a need to recognise economic distress is not limited to specific geographies. The panel acknowledged that engaging with communities and understanding local issues is critical for creating effective solutions that resonate with people's needs.

Questions and answers

Q Is the term 'just transition' creating more jargon and polarising people?

A Swenja Surminski pointed out that jargon and technical language often alienate the public and hinder understanding. It was suggested narratives should be more relatable and incorporate storytelling to engage a broader audience, echoing the sentiment that the just transition should be framed in a context accessible and relevant to people. This includes addressing misconceptions about the costs associated with climate initiatives, which are often framed negatively in the media.

If you are interested in a conversation on this topic. Please email [Laasya Shekaran](mailto:Laasya.Shekaran@pensionsforpurpose.com).



Watch the video of the event

● **Constance Johnson is an Intern at Pensions for Purpose.**

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