

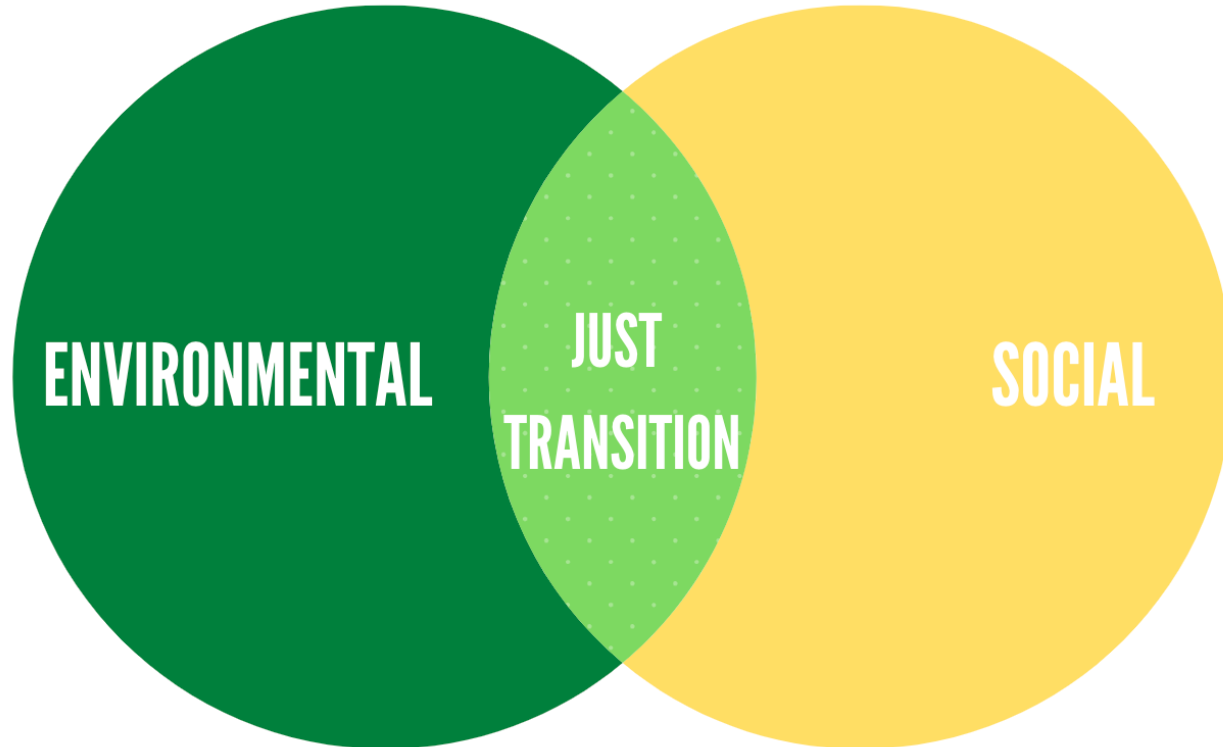
# APPG for Local Pension Funds Inquiry: Responsible Investment for a Just Transition

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20 January 2021

# Just Transition: combining environmental & social objectives

*““We won’t win and we can’t win if we don’t do this in a just and fair way. We need a just transition”* **Lord Deben, Chair, Climate Change Committee, December 2020**



## The Sixth Carbon Budget The UK's path to Net Zero



# What does JT mean in practice?

1. **Maximising** the social benefits of the transition (eg high quality green jobs)
2. **Mitigating** the social risks (eg avoided stranded workers and communities)
3. **Empowering** those affected by change (eg through effective participation of local communities)
4. **Anticipating** future shifts to address issues up front (eg planning for economy-wide reskilling)
5. **Mobilising** investments from the public and private sectors (eg the role of banks in serving customers and communities).
6. **'Building back better'** after the Covid-19 crisis

# Investors and banks have recognised the imperative

## Financing inclusive climate action in the UK An investor roadmap for the just transition

Nick Robins, Andy Gouldson, William Irwin,  
Andrew Sudmant and James Rydge



**Investors:** 30+ UK funds and  
over 160 globally

**Banks:** 8 UK banks

**Social Finance:** fintech,  
foundations, networks

**Key Stakeholders:** trade  
unions, civil society,  
academia

**Cities:** Edinburgh, Belfast and  
Leeds in the Place-Based  
Climate Action Network

## Financing climate action with positive social impact How banking can support a just transition in the UK

Nick Robins, Sophia Tickell, William Irwin  
and Andrew Sudmant



# Financing the Just Transition Alliance





# The Alliance: who are the members?

abundance.



THE INVESTOR FORUM



# The Alliance: what are the deliverables for COP26?



**Deepen** implementation of recommendations for banks and investors



**Identify** concrete steps to finance climate action with positive social impact

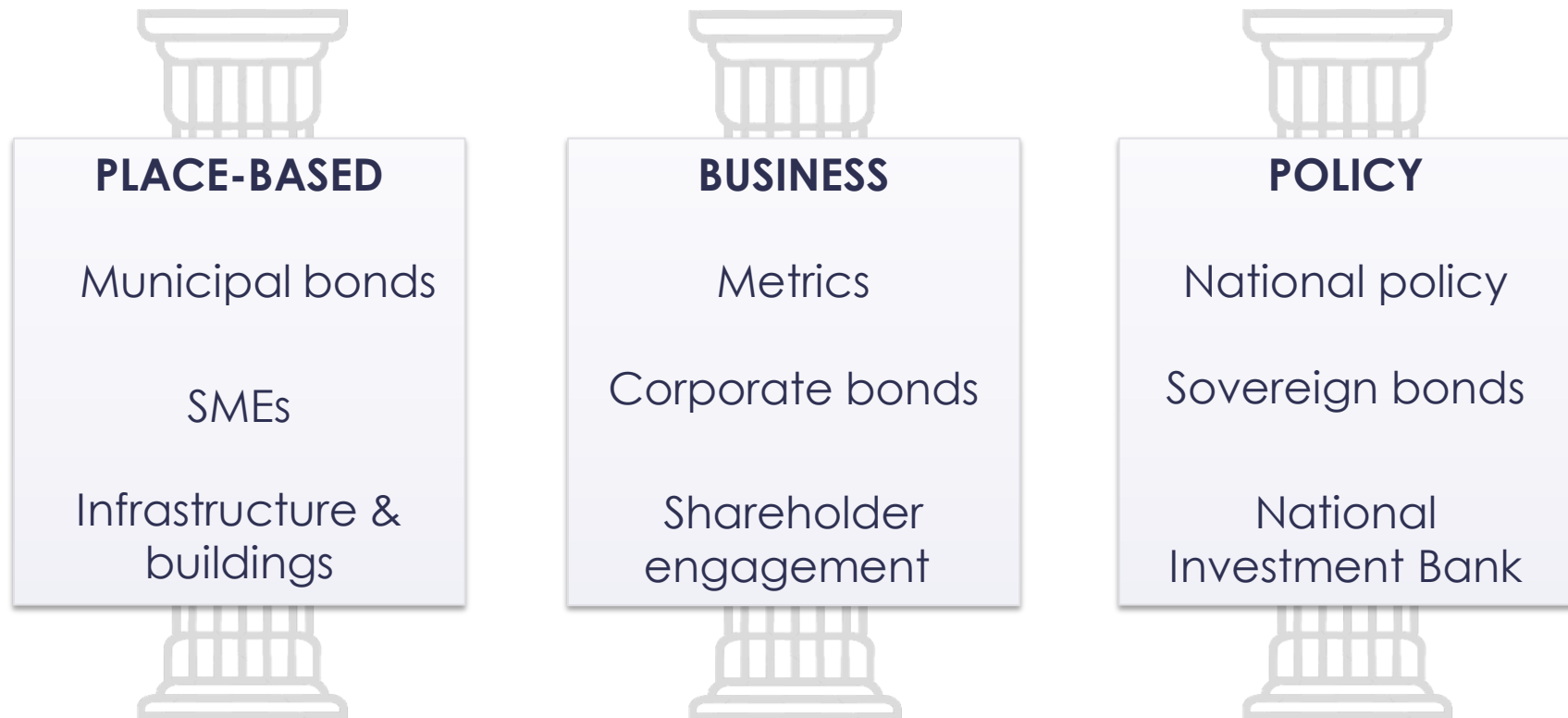


**Develop** prototypes of innovative instruments and take to scale



**Profile** promising examples and share lessons learned

# The Alliance: what are the priorities?







# The Green+ Gilt:

How the UK could issue sovereign bonds that deliver climate action and social renewal

October 2020

## Green bonds: the Green+ Gilt

- Green bonds allow its issuers to raise capital for low-carbon investments such as clean energy & transport.
- To date, almost 20 countries have issued sovereign green bonds. These have secured a cost of capital that is no more than conventional non-green issuance and, in a number of cases, have achieved tighter pricing for the public finances.
- **The UK will issue its first green sovereign bond in 2021. It will be the first of a series.**
- The novel feature of the proposed Green+ Gilt is that financed projects would consciously deliver social co-benefits in addition to environmental outcomes, thereby contributing to a 'just transition'.

Strategic Categories	Subcategories	Social Impact Generated
Clean Infrastructure	Clean Energy: renewable generation and transmission Clean Transport: rail, electric vehicle and charging infrastructure Industrial Decarbonisation: carbon capture & storage, hydrogen networks	Employment generation including for excluded and/or marginalised populations and /or communities Socioeconomic advancement Access to basic infrastructure (energy) Access to basic infrastructure (transport)
Energy Efficiency & Green Buildings	Building efficiency spending for renovations and retrofits including improved insulation, heating and domestic energy storage systems	Employment generation including for excluded and/or marginalised populations and /or communities Socioeconomic advancement
Climate Adaptation & Natural Capital	Investment for ecosystems resilience and regeneration, including flood defense mechanisms, restoration of carbon-rich habitats, climate-friendly agriculture and clean water	Protecting local, vulnerable communities Employment generation and socioeconomic advancement, including for excluded and/or marginalised populations and /or communities
Green Jobs	Investment in reskilling and education to address immediate unemployment from COVID-19 and structural shifts from decarbonisation	Employment generation and socioeconomic advancement, including for excluded and/or marginalised populations and /or communities
Green Development Finance	Establishing a National Investment Bank with a sustainability mandate, seeking out net-zero aligned projects for which risk levels need to be reduced	Capture-all category

**Thank You!**

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# For further information

## **Investor Guide to the Just Transition**

<https://www.lse.ac.uk/granthaminstitute/publication/climate-change-and-the-just-transition-a-guide-for-investor-action/>

## **UK Investor Roadmap for the Just Transition**

[https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2019/09/Financing-inclusive-climate-action-in-the-UK\\_An-investor-roadmap-for-the-just-transition\\_POLICY-REPORT\\_56PP.pdf](https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2019/09/Financing-inclusive-climate-action-in-the-UK_An-investor-roadmap-for-the-just-transition_POLICY-REPORT_56PP.pdf)

## **Financing Climate Action with Positive Social Impact: the banking & just transition report**

[http://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Financing-climate-action-with-positive-social-impact\\_How-banking-can-support-a-just-transition-in-the-UK-1.pdf](http://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Financing-climate-action-with-positive-social-impact_How-banking-can-support-a-just-transition-in-the-UK-1.pdf)

## **Financing a Just Transition: Housing Briefing**

<https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Financing-a-just-transition-to-net-zero-emissions-in-the-UK-housing-sector.pdf>

## **Financing a Just Transition: SME Briefing**

<https://www.lse.ac.uk/granthaminstitute/publication/financing-small-and-medium-enterprises-to-support-a-just-transition-to-net-zero-emissions-in-the-uk/>