Key intervention: Sustainable investment for social justice

Thematic area of the Coalition	***Strengthening just transitions and the social dimension of sustainable development, trade and investment*** This thematic area focuses on mobilizing domestic resources, private investment and international solidarity to advance social justice. It includes embedding social justice into climate and environmental policies, ensuring that public and private investment frameworks, development cooperation, financial policies and trade agreements integrate social justice parameters into their decision-making processes. These efforts are aligned with advancing SDGs 8, 10, 13 and 17.

1. Background and context

This initiative seeks to integrate social justice into investment decision-making processes, guiding how financial resources are allocated, what outcomes are targeted and how these efforts are measured and reported. It will do so by enhancing the social aspect of sustainable finance frameworks including in related regulatory approaches, as well as ESG (environmental, social and governance frameworks and promoting sustainable finance models that balance social, environmental and economic outcomes. One of the key objectives, to develop guidelines for integrating social justice into financial disclosures, is driven forward by the Taskforce on Inequality and Social-related Financial Disclosures (TISFD). Additionally, the initiative will leverage partnerships and collaborative efforts, such as the Building Bridges platform and the G20 Sustainable Finance Working Group to promote a financial system that prioritizes social justice and inclusive growth. This intervention is a critical step towards ensuring that investments not only generate financial returns but also contribute to the broader goals of equity, sustainability and shared prosperity.

2. Collective ambition and rationale

In view of the growing financing gap of the SDGs – between US$2.5 and 4 trillion annually – the collective ambition of this intervention is to catalyse private finance flows towards achieving social justice. This ambition is built on the common understanding of the Coalition partners that the financing of sustainable development outcomes, notably decent work and social justice, cannot be done by public finance alone. The private finance sector must step up its efforts to innovate and allocate capital to the benefit of humanity – for people, for planet and for shared prosperity.

Many financial sector players – including asset owners, asset managers, banks, investors and insurance companies, operating internationally or locally – have become aware of the relevance of providing resources and financial solutions to create jobs, improve working conditions and enhance resilience. They also recognize the importance of streamlining social and environmental matters throughout their business operations. Some have advanced further, aiming to generate positive social and environmental impacts alongside financial returns. However, most available capital is not (yet) aligned with sustainable development objectives. Therefore, placing the initiative for sustainable investment under the Global

Coalition has the potential to contribute to increasing transparency and redirecting global and local financial sector capital flows to achieve social outcomes.

Financial regulators around the globe have started including sustainability-related requirements into regulatory frameworks, including in disclosure frameworks. While the integration of environmental elements in such regulatory frameworks has advanced, social elements – including inclusion, equality and social justice – are lagging behind.

Most international financial institutions (IFIs) have sustainability performance standards, or similar instruments, to ensure that their investment decisions do not have adverse impacts. However, a further alignment of these standards with international labour standards is important to align private financial flows to achieve the SDGs and advance social justice.

Despite the increased awareness and rapid growth of sustainable investment in recent years, the share of sustainable finance in global financial markets remains meagre. Furthermore, financial service providers often do not know how to effectively implement sustainability standards in their operations and measure the impact of their financing strategies. Anchored in its ambition to achieving social justice, through setting standards and promoting policy and capacity development, the Global Coalition is proposing to expand the dialogue with the financial sector to explore ways in which they can accelerate their contribution towards financing decent work and social inclusion.

3. Actions and expected results

The following actions are proposed:

- Promote the Global Coalition's sustainable investment initiative through the Building Bridges Summit in 2025, which brings together the Swiss financial sector with the international development community, to mobilize the private financial sector to join the initiative.
- Promote financial sector participation in the Taskforce on Inequality and Social-related Financial Disclosures. The Taskforce was launched in September 2024 through the collaborative efforts of its Founding Partners, a diverse set of more than 20 organizations across the public, social, and private sectors, including Global Coalition partner UNDP, OECD and the ILO. During 2025-2026, the Taskforce will develop recommendations and guidance for businesses and financial institutions to understand and report on impacts, dependencies, risks and opportunities related to people. *
- Strengthen the engagement with Development Finance Institutions (DFIs), including international, regional and national DFIs through partnerships and technical collaboration with International Finance Corporation (IFC), the Finance in Common Summit, and regional DFI networks on increasing effectiveness of their sustainability performance standards and impact measurement practices as well as underlying processes and capacity-building. At a later stage, include other financial sector networks with a focus on financial guarantees (GNGI, AECM), or specific investment strategies like impact investing (The GIIN).*

- Undertake dialogue with different segments of the financial sector to discuss the bottlenecks that stand in the way of capital reorientation toward social outcomes. Based on this analysis, the stakeholders would define actions for developing the enabling conditions and increasing the capacity of financial service providers to finance decent work and economic inclusion. This engagement would explore ways of maintaining an active and ongoing dialogue, such as creating a Global Action Platform for Sustainable Finance for Decent Work, or a similar vehicle to explore ways of reorienting capital flows toward positive social impacts.
- Operationalize a Just Transition Finance Hub as a centre of excellence where financial service providers can access support for adjusting business models and product towards financing just transition pathways.*
- Engage with the G20 Sustainable Finance Working Group to raise the profile of social justice in the financial markets.

(*will require additional resources)

4. Partners' contributions

Public and private financial institutions:

- Join and contribute to the development of disclosure frameworks (TISFD).
- Share insights on knowledge / capacity gaps that hold back sustainable investment.
- Cost-share capacity-building for sustainable investment.

Networks of financial institutions:

- Promote the Coalition and its sustainable investment initiative.
- Provide room for Coalition partners to share experience.

Governments:

- Integrate social justice elements in financial sector regulatory frameworks and sustainable finance policies.
- Fund actions under the Coalition's sustainable investment initiative, in particular capacity-building of financial sector players.