

Open letter to EU leaders from investors on a sustainable recovery from COVID-19

The deadly outbreak of the COVID-19 pandemic has disrupted our lives and livelihoods, communities and economies. We recognise the EU and its Member States' immediate priorities must be intervening to save human lives and providing economic and financial relief to support the most vulnerable, stem the health crisis and curb economic disruption. At the same time, these efforts should not lock in high carbon pathways.

The European Union is now beginning to consider economic recovery measures to address the acute shock and impacts of the COVID-19 pandemic. With trillions of euros in capital under their management, we as investors are willing to help accelerate the recovery as it will require the efficient and equitable deployment of both public and private capital in fiscally-challenging times. Institutional investors take a long-term view of value and returns, and are therefore committed to assist policymakers devise multi-year sustainable recovery efforts.

The COVID-19 pandemic is pushing Europe into an economic crisis, but it is also an opportunity for a green and sustainable recovery. Investors understand that accelerating the net zero emissions transition can create significant new employment and economic growth, along with other co-benefits such as energy security and clean air. With effective recovery policies in place, private investment could be channeled to accelerate the development of new sustainable climate change mitigation and climate adaptation assets. We encourage Member States to factor in the foreseeable, acute, systemic and compounding climate-related economic and financial risks. Investors increasingly face physical and transitional risks from a rapidly warming planet that challenge their ability to deliver long-term returns for their beneficiaries.

An accelerated transition to a net zero emissions economy in line with the Green Deal and the Paris Agreement is also critical to building greater resilience that will enhance the ability of our communities and economies to absorb both acute and systemic shocks. As part of this transition we encourage European leaders to ensure that at least 25% climate-mainstreaming ambition is maintained as part of the Multiannual Financial Framework for 2021-2027 (MFF), for the whole seven-year period.

Beyond the immediate need of relaunching the economy, ultimately recovery plans in Europe should also include sustainability and equity, and accelerate the transition to a net zero emissions economy to mitigate climate risk, create new jobs and catalyse the sustainable deployment of private capital. Recovery plans that overly exacerbate climate change would expose investors and national economies to escalating financial, health and social risks in the coming years. Net zero transition plans need to underpin the recovery of countries, regions and companies.

In line with the EU's objective of becoming climate-neutral by 2050, economic recovery efforts are best directed to where job creation can be matched with net zero emissions energy, industrial, building and transport systems, along with climate resilience measures and other sustainable infrastructure that will strengthen our societies and maintain natural systems. Preparing for and responding to large-scale disruptions like pandemics and climate change also requires investments in scenario testing, assessments of corporate responses to risk, adaptation and a framework for a just transition. We need early preventative action to limit economic costs and human suffering.

The path we choose in the coming months will have significant ramifications for our global economy and generations to come. It is critical that Europe works with investors, companies and workers to

develop just and sustainable recovery plans. As leading investors, we stand ready to help policymakers to invest in a better, more resilient future.

Our recommendations for an investible and sustainable economic recovery from the COVID-19 pandemic:

1. Prioritise human relief and job creation without locking in high carbon pathways. The EU must protect communities and workers, especially the most vulnerable, from the impacts of the COVID-19 pandemic and the economic fallout. Recovery plans should create jobs across society that match with investments in net zero emissions energy, industrial, building and transportation systems, climate resilience measures and other sustainable infrastructure.

2. Support the Green Deal and uphold the Paris Agreement. Governments, investors and companies must support the Green Deal and its objective of making Europe climate-neutral by 2050, in line with the European Commission's 2050 long-term strategy, in order to maintain and strengthen their commitments in line with the Paris Agreement. The Paris Agreement remains the best multilateral instrument to accelerate emissions reductions and reduce the human health and economic risks from climate change. In order to do this, European leaders should uphold the 25% climate-mainstreaming target of the MFF, rapidly legally enshrine Europe's 2050 climate ambition with the European Climate Law, and maintain momentum on the Green Deal, ambitious 2030 climate targets and sustainable finance agenda.

3. Member States should ensure COVID-19 support addresses climate risk. In particular, carbon-intensive companies that receive government bailouts, grants, loans, tax concessions and temporary equity purchases should be required to establish and enact climate change transition plans consistent with the Green Deal and Paris Agreement goals, and achieving net zero emissions by 2050 in exchange for this public support. Investors should work closely with national policymakers on the implementation of these transition plans.

4. Prioritise climate resiliency and net zero emissions economic solutions. Locking in carbon-intensive economic activities in pursuit of recovery plans will only exacerbate systemic climate risks and expose economies to escalating shocks. The EU and its Member States can accelerate the recovery by facilitating fresh investment and jobs in clean energy, which can often also be deployed cheaper and faster than incumbent carbon-intensive activities. Support for new sustainable infrastructure such as electrified transport systems, green industrial production and resilient community assets could also drive long-term clean jobs and growth.

5. Embed investor participation in recovery planning. Many Member States will be more fiscally challenged after deploying immediate pandemic relief, and unlocking private capital will therefore be critical to recovery. As investors, we would welcome assisting the EU and its Member States in designing efficient, equitable and sustainable recovery plans.

We stand ready to work with government leaders in implementing these actions.

This statement was coordinated by Institutional Investors Group on Climate Change (IIGCC), Principles for Responsible Investment (PRI) and CDP.

Signed,

1. Aargauische Pensionskasse (APK)
2. Aberdeen Standard Investments
3. Aegon Nederland N.V.
4. Allianz Global Investors
5. Allianz Investment Management SE
6. Amundi
7. Andra AP-fonden
8. AP Pension
9. AP3 Third Swedish National Pension Fund
10. AP4 – Fourth Swedish National Pension Fund
11. AP7, the Seventh Swedish National Pension Fund
12. ASR Vermogensbeheer N.V
13. ATISA Personalvorsorgestiftung der Tschümperlin-Unternehmungen
14. AustralianSuper
15. Avaron Asset Management
16. Aviva Investors
17. Banco Bilbao Vizcaya Argentaria S.A.
18. BancoPosta Fondi SGR
19. Bâtirente
20. BayernInvest
21. BDL Capital Management
22. Bernische Lehrerversicherungskasse
23. Bernische Pensionskasse BPK
24. BMO Global Asset Management
25. BNP Paribas Asset Management
26. Boston Common Asset Management
27. Bridgestone Hispania Pension, FP
28. Brunel Pension Partnership Ltd
29. Caisse Cantonale d'Assurance Populaire - CCAP
30. Caisse de pension des sociétés Hewlett-Packard en Suisse
31. Caisse de pension du Comité international de la Croix-Rouge
32. Caisse de pensions de l'Etat de Vaud (CPEV)
33. Caisse de pensions du personnel communal de Lausanne (CPCL)
34. Caisse de pensions ECA-RP

35. Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires
36. Caisse de Prévoyance de l'Etat de Genève (CPEG)
37. Caisse de Prévoyance des Interprètes de Conférence (CPIC)
38. Caisse de prévoyance du personnel de l'Etat de Fribourg (CPPEF)
39. Caisse de prévoyance du personnel de l'Etat du Valais (CPVAL)
40. Caisse intercommunale de pensions (CIP)
41. Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC)
42. Caja de Ingenieros
43. Candriam Luxembourg s.c.a
44. CAP Prévoyance
45. Capital Dynamics Ltd
46. CCOO, FP
47. Central Finance Board of the Methodist Church
48. Church Commissioners for England
49. Church of England Pensions Board
50. Church of Sweden
51. CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle
52. CPEG
53. Danske Bank A/S
54. DPAM
55. EAB Group Plc
56. Earth Capital Limited
57. East Capital Group
58. Ecofi Investissements
59. Elo Mutual Pension Insurance Company
60. Environment Agency Pension Fund
61. EOS at Federated Hermes, on behalf of its stewardship clients
62. Epworth Investment Management Ltd
63. EQ Investors
64. Etablissement Cantonal d'Assurance (ECA VAUD)
65. Ethos Foundation
66. Etica Sgr - Responsible Investments
67. Evli Bank
68. Falkirk Council Pension Fund

69. Fidelity International
70. Folksam Group
71. Fondation de la métallurgie vaudoise du bâtiment (FMVB)
72. Fondation de prévoyance Artes & Comoedia
73. Fondation de prévoyance des Paroisses et Institutions Catholiques (FPPIC)
74. Fondation de prévoyance du Groupe BNP PARIBAS en Suisse
75. Fondation Interprofessionnelle Sanitaire de Prévoyance (FISP)
76. Fondation Leenaards
77. Fondation Patrimonia
78. Fondo Cometa
79. Fonds de Prévoyance de CA Indosuez (Suisse) SA
80. Fonds interprofessionnel de prévoyance (FIP)
81. Första AP-fonden
82. Gebäudeversicherung Luzern
83. Gestion Férique
84. Glennmont Partners
85. Globalance Bank AG
86. Greater Manchester Pension Fund Management
87. Groupama Asset Management
88. Gulf International Bank (UK) Limited
89. GVA Gebäudeversicherung des Kantons St. Gallen
90. Hexavest
91. HSBC Bank Pension Trust (UK) Ltd
92. HSBC Global Asset Management
93. Impax Asset Management
94. International Business of Federated Hermes
95. ISGAM AG
96. Jupiter Asset Management Ltd
97. KBI Global Investors
98. Kempen Capital Management
99. La Banque Postale Asset Management
100. La Française Group
101. Legal & General Investment Management
102. LGPS Central Limited

103. Lloyds Banking Group Pensions Trustees Limited
104. Local Pensions Partnership Investments Limited
105. LocalTapiola AM
106. Lombard Odier Group
107. London Pensions Fund Authority
108. Luzerner Pensionskasse
109. M&G Investments
110. Man Group plc
111. Merian Global Investors
112. MN on behalf of PMT and PME
113. MP Investment Management A/S
114. MPC Renewable Energies GmbH
115. Nest Sammelstiftung
116. NN Investment Partners
117. Nomura Asset Management
118. Nordea Asset Management
119. NorthEdge Capital LLP
120. Northern Ireland Local Government Officers' Superannuation Committee
121. OFI AM
122. Ostrum Asset Management
123. P+, Pensionskassen for Akademikere
124. PenSam
125. PensionDanmark
126. Pensionskasse AR
127. Pensionskasse Bank CIC (Schweiz)
128. Pensionskasse Basel-Stadt
129. Pensionskasse Bühler AG Uzwil
130. Pensionskasse Caritas
131. Pensionskasse der Stadt Winterthur
132. Pensionskasse Pro Infirmis
133. Pensionskasse Römisch-katholische Landeskirche des Kantons Luzern
134. Pensionskasse Schaffhausen
135. Pensionskasse SRG SSR
136. Pensionskasse Stadt Luzern

137. Pensionskasse Unia
138. Personalvorsorgekasse der Stadt Bern
139. PGGM
140. Pictet
141. PKA
142. Polden-Puckham Charitable Foundation
143. Prévoyance Santé Valais (PRESV)
144. Prévoyance.ne
145. Profelia Fondation de prévoyance
146. Prosperita Stiftung für die berufliche Vorsorge
147. Quaero Capital
148. Rathbone Brothers Plc
149. RRSE (Regroupement pour la Responsabilité Sociale des Entreprises)
150. Representative Church Body of the Church of Ireland
151. Retraites Populaires
152. Robeco Institutional Asset Management
153. Royal London Asset Management
154. Santander Asset Management
155. Schroders Investment Management
156. Scottish Widows Group Limited
157. SEB Investment Management AB
158. Secunda Sammelstiftung
159. Sierra Global Management, LLC
160. Sp-Fund Management Company Ltd
161. St. Galler Pensionskasse
162. Statewide Super
163. Stiftung Abendrot
164. Strathclyde Pension Fund
165. Terre des hommes
166. The Avon Pension Fund
167. The Swedish Foundation for Strategic Environmental Research, Mistra
168. The United Reformed Church (UK)
169. The William Leech Foundation Limited
170. Trillium Asset Management, LLC

171. Trusteam Finance
172. UBS Asset Management
173. Unfallversicherungskasse des Basler Staatspersonals
174. UniCredit SpA
175. Université de Genève (UNIGE)
176. Universities Superannuation Scheme
177. Velliv
178. Verein Barmherzige Brüder von Maria-Hilf
179. Vert Asset Management
180. Vorsorge SERTO
181. West Midlands Pension Fund
182. West Yorkshire Pension Fund
183. WHEB Asset Management LLP
184. Winston Churchill Memorial Trust