

6th December 2019

Open letter to EU leaders

On the eve of the December European Council we write to you as members of the Institutional Investors Group on Climate Change (IIGCC), a body of over 190 European institutional investors overseeing more than €28 trillion in assets globally.

The upcoming Council marks a turning point in the EU, as a new Commission mandate begins and leaders reflect on the bloc's future. Within your discussions, it is vital that sufficient importance is attached to the topic of climate change.

Collectively we direct trillions of euros with a view to ensuring sound financial returns for our beneficiaries. We recognise the significant financial risks posed by climate change as well as the enormous economic opportunities provided by low-carbon and climate-resilient technologies, markets and business models.

The ongoing public debate in both Brussels and national capitals on the climate emergency highlights the urgent need to act. It is no secret that investors favour long-term certainty and we therefore strongly support a net-zero emissions target for the EU, to be achieved by 2050 at the latest, and the alignment of all relevant EU legislation to the temperature reduction goals set out in the Paris Agreement.

The necessity and benefits of the adoption of such a target are clear. For example, EU analysis has shown that a net-zero emissions target can be expected to deliver an estimated 2% increase in GDP across member states by 2050, in addition to the creation of 2.1 million new jobs. The transition towards net-zero emissions will also provide an important opportunity to further strengthen the transformation of Europe's economy, showcasing member states as global leaders in low and zero emission technologies and services while also supporting benefits such as innovation, improved resilience to extreme weather events and increased energy security.

We are cognisant of the fact that such ambition will be challenging to attain. The changes to economies across the EU will be significant, but the benefits outlined above unmistakably outweigh the impacts of insufficient action. The science – and the market fundamentals – are clear: the costs of inaction will be catastrophic. The solution is in well-designed policies that allow private finance to flow, supporting public efforts and exploiting huge investment opportunities.

The EU has to date played a strong global leadership role in tackling climate change. Following the UN Secretary General's Climate Action Summit in September, and as we approach key milestones in the international climate negotiations, it is clear that the stakes could not be higher. Without greater action, the world is on track to see long-term temperature rises of around 4°C, with \$23 trillion of associated global economic losses over the next 80 years. This permanent economic damage would be three or four times the scale of the impacts of the 2008 global financial crisis. Conversely, greater action on climate change could deliver \$26 trillion in global economic benefit to 2030.

As investors, we are already stepping up our commitments to sustainable and responsible investment, as well as putting pressure on high-emitting companies to reduce their emissions. Our experience demonstrates that we can deliver a more sustainable world while also maintaining strong financial

returns. We look to you to enable the scaling up and acceleration of this action with the right policy frameworks.

Much rests on the ambition, credibility and success of the EU approach. The signals you send at the December Council and beyond will be essential. Investors stand ready to work with you to deliver a prosperous and net-zero emissions economy.

Signed by,

1. Jamal Abida Norling, CEO, Öhman Fonder
2. Rodney Barton, Director of the Fund, West Yorkshire Pension Fund
3. Stephen Beer, Chief Investment Officer, Central Finance Board of the Methodist Church and Epworth Investment Management
4. James Bevan, CIO, CCLA Investment Management
5. Ole Buhl, Head of ESG and Senior Vice President, ATP
6. Carl Cederschiöld, Head of Handelsbanken Asset Management
7. John David, Head of Rathbone Greenbank Investments
8. Chresten Dingsøe, CEO, Lægernes Pension - pensionskassen for læger
9. Dewi Dylander, Deputy Executive Director, ESG, PKA
10. Niklas Ekvall, CEO, AP4 – Fourth Swedish National Pension Fund
11. Rachel Elwell, CEO, Border to Coast Pensions Partnership
12. Katherine Garrett-Cox, CEO, Gulf International Bank
13. Eva Halvarsson, CEO, AP2, Second Swedish National Pension Fund
14. Katarina Hammar, Head of Responsible Investments, Nordea Life & Pensions
15. Sean Hawkshaw, CEO, KBI Global Investors
16. Dr. Steffen Hörter, Global Head of ESG, Allianz Global Investors
17. Satu Huber, CEO, Elo Mutual Pension Insurance Company
18. Hooman Kaveh, Global Chief Investment Officer – Delegated Investment Solutions, Mercer
19. Charles Kirwan-Taylor, Executive Chairman, Atlas Infrastructure
20. Søren Kolbye Sørensen, CEO, P+, Pensionskassen for Akademikere

21. Claudia Kruse, Managing Director Global Responsible Investment and Governance, APG
22. Roelfien Kuijpers, Head of Responsible Investing and Head of Global Client Group, Ireland, Scandinavia and UK, DWS Group GmbH
23. George Latham, Managing Partner, WHEB Asset Management
24. Eloy Lindeijer, Chief Investment Management, PGGM
25. Faryda Lindeman, Senior Responsible Investment Specialist, NN Investment Partners
26. Christian Lindstrøm Lage, CEO, PFA Asset Management
27. Michael Marshall, Director of Responsible Investment & Engagement, LGPS Central Limited
28. Craig Martin, Chief Pensions Officer, Environment Agency Pension Fund
29. Councillor Adanna McCue, Pension Committee, Falkirk Council Pension Fund
30. Celia McKeon, Chief Executive, Joseph Rowntree Charitable Trust
31. Narina Mnatsakanian, Director Impact & Responsible Investment, Kempen
32. Jens Munch Holst, CEO, MP Pension
33. Saker Nusseibeh, CEO, Hermes Investment Management
34. Gordon Power, Chief Investment Officer, Earth Capital
35. Javiera Ragnartz, CEO, SEB Investment Management
36. Chris Rule, CEO, Local Pensions Partnership
37. Sacha Sadan, Director of Corporate Governance, Legal and General Investment Management
38. Martijn Scholten, CIO, MN
39. Ian Simm, Founder & Chief Executive, Impax Asset Management
40. Keith Skeoch, CEO, Aberdeen Standard Investments
41. Nicola Todd, Deputy Secretary, Northern Ireland Local Government Officers' Superannuation Committee
42. Carola van Lamoen, Head of Active Ownership, Robeco
43. Sophie van Oosterom, EMEA CIO and CEO, CBRE Global Investors
44. Martin Vogt, Managing Director, MPC Renewable Energies

45. Councillor Brenda Warrington, Chair of the Greater Manchester Pension Fund Management Panel

46. Alex Wynaendts, Chief Executive Officer, AEGON NV