

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. BayernInvest
20. BDL Capital Management
21. Bernische Lehrerversicherungskasse
22. Bernische Pensionskasse BPK
23. BMO Global Asset Management
24. BNP Paribas Asset Management
25. Boston Common Asset Management
26. Bridgestone Hispania Pension, FP
27. Brunel Pension Partnership Ltd
28. Caisse Cantonale d'Assurance Populaire - CCAP
29. Caisse de pension des sociétés Hewlett-Packard en Suisse
30. Caisse de pension du Comité international de la Croix-Rouge
31. Caisse de pensions de l'Etat de Vaud (CPEV)
32. Caisse de pensions du personnel communal de Lausanne (CPCL)
33. Caisse de pensions ECA-RP
34. Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires

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

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

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

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



171. Universities Superannuation Scheme
172. Velliv
173. Verein Barmherzige Brüder von Maria-Hilf
174. Vert Asset Management
175. Vorsorge SERTO
176. West Midlands Pension Fund
177. West Yorkshire Pension Fund
178. WHEB Asset Management LLP
179. Winston Churchill Memorial Trust