

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

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

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