SUSTAINABLE AND INCLUSIVE COVID-19 RECOVERY AND REFORM

PREFACE

The connection between investors and policymakers is not working as it should if the recovery is to be sustainable and inclusive with concrete reforms. As policymakers consider policy interventions to support the recovery, investors should be engaging policymakers by providing technical expertise and allocating capital to sustainable investments. This report identifies indicative policy options, which PRI will root in our ESG and climate programmes.

BACKGROUND

In March 2020, the PRI launched two discussion forums on the PRI collaboration platform to collect investor experiences relating to the COVID-19 pandemic. The first, titled *ESG responses by investors to COVID-19 in the short-term*, brought together 221 investment professionals to discuss immediate social, governance and corporate AGM issues. The second, *Ensuring a sustainable financial system in COVID-19 recovery phase*, involved 224 investors and focused on recovery packages, inequality and the need for long-term planning.

In the same month, the PRI published a set of actions to guide responsible investor responses to COVID-19.[1] It followed up in May with recommendations and investor questions tailored to the 2020 AGM season.[2] Key topics for discussion included business continuity, employee health and wellbeing, and alignment with long-term value creation.

The second phase of the PRI's COVID-19 response consists of the creation of five workstreams that focus on themes raised by investors through the collaboration platform.[3] These are:

- COVID-19 and the 2020 AGM season;
- COVID-19 and immediate human and labour rights concerns;
- financial system functioning in a time or crisis;
- implications of COVID-19 for emerging markets; and
- sustainable and inclusive COVID-19 recovery and reform.

In addition, the PRI prepared an investor survey, with questions on each theme, which was completed by over 70 investors. In respect of sustainable and inclusive recovery and reform, we carried out over 15 interviews with decision makers at investment firms.

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[1] How responsible investors should respond to the COVID-19 pandemic https://www.unpri.org/COVID-19 resources/how-responsible-investors-should-respond-to-the-COVID-19 coronavirus-crisis/5627.article
[2] AGM season 2020: Investor questions on COVID-19 https://www.unpri.org/COVID-19 resources/agm-season-2020-investor-questions-on-COVID-19/5828.article
[3] https://www.unpri.org/COVID-19-resources/phase-two-of-pris-COVID-19-response/5837.article

The firms interviewed were:

Name	Title	Organisation
Stefan Hofrichter	Global Economist, Head of Global Economics & Strategy	Allianz Global Investors GmbH
Patrick Arber	Head of International Government Engagement	Aviva
Thomas Tayler	Legal Counsel	Aviva
Michelle Edkins	Managing Director, Investment Stewardship	BlackRock
Kingsmill Bond	Energy Strategist	Carbon Tracker
Ma Jun	Chairman	Green Finance Committee, Director of Center for Finance and Development at Tsinghua University
Jason Channell	Managing Director	Citi Global Insights
Ophélie Mortier	Responsible Investment Strategist	Degroof Petercam Asset Management
Bolu Iyiola	ESG Consultant	EBS Advisory
Hiroshi Komori	Senior Director, Public Markets Investment Department, Stewardship & ESG	Government Pension Investment Fund (GPIF)
Jennifer Wu	Global Head of Sustainable Investing	JPMorgan Asset Management
Leigh Gavin	CIO	LUCRF Super
Ryan Miller	Partner	Malk
Robert M. Wilson Jr.	Equity Research Analyst	MFS
Sharmeen Contractor	Senior Advisor, Market Systems and Investors	Oxfam America
Chris Kirigua	Executive Director, Sustainable Finance Africa	Standard Chartered
Rina Kupferschmid-Rojas	Global Head Sustainable Investing	UBS
Fiona Stewart	Lead Financial Sector Specialist	World Bank

EXECUTIVE SUMMARY

As communities and businesses around the world grapple with the ramifications of the COVID-19 pandemic, we owe it to our clients and beneficiaries to recover better, which means creating a recovery that is sustainable, inclusive and delivers concrete reforms. For responsible investors, that means they need to raise their games on policy engagement.

A recent Oxford Smith School paper concluded that “progress on climate change will depend significantly on policy choices in the coming 6 months”.[4] Critically, “the right choices could drive a long-term downward trend in greenhouse gas emissions”. The PRI agrees with these sentiments. However, there is a significant task at hand to turn ambition into reality. Research for this report finds that investors significantly underestimate the positive role that the responsible investment industry can play in encouraging policy change. Alongside climate-related issues, there is an imperative to recover in a way that enables a more just and fair society. UN Secretary General, António Guterres said in April that, “People — and their rights — must be front and centre”.[5] This applies to states, companies and investors. Respect for, and enforcement of, human rights are a precondition of a fairer, more inclusive and resilient future.

This report presents a series of recommendations for investor policy engagement and indicative proposals for action. The PRI intends to develop these proposals over the months ahead, informed by our programmes across environmental, social and governance issues, our signatories’ sustainability objectives, and our implementation objectives.

Our recommendations are based on a seven-part framework that should support investors in pursuing their policy objectives:

- Undertake policy engagement, aligning your engagement and investment objectives.
- Work to policymakers’ timetables, not your own.
- Leverage arguments based on technical expertise.
- Engage at all levels of the policy process, as well as through the media.
- As far as possible, work together and speak with a coherent voice, especially where there is consensus.
- Better understand the relevant dynamics of policy decision-making across committees and groups.
- Be clear about who you represent and how policies impact your investor base.

Responsible investors need to send the right messages, to the right people, at the right time, and in the right way. That means undertaking detailed stakeholder mapping to assess who makes decisions and who has the influence to accelerate change – in short, backing up statements with actions that will encourage policy implementation.

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[4] Hepburn, C., O’Callaghan, B., Stern, N., Stiglitz, J. and Zenghelis, D., 2020. Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?. *Oxford Review of Economic Policy*, *36*.
[5] We are all in this Together: Human Rights and COVID-19 Response and Recovery, United Nations, April 2020

This report sets out three themes as a starting point for PRI signatories in their policy engagement in the post-COVID-19 period:

- **The case for a sustainable recovery is overwhelming – but requires concerted investor action.** International coordination and cooperation will be essential ingredients of a successful recovery. Policymakers need to move decisively to put in place policies and funding to support an acceleration in investment where solutions are at hand, and to invest in getting more solutions to market and at scale. Implementation will be key, and investors have a major role to play, working with governments and other stakeholders to design policies that are transparent, effective and aligned with sustainability goals.
- **Climate policy fundamentals are unchanged – but there is opportunity to accelerate policy commitments, and ensure they are inclusive.** As the United Nations Framework Convention on Climate Change (UNFCCC) has stated, the COVID-19 pandemic has put many aspects of our economy and lives on hold, but it has not stopped the climate emergency and will not prevent the risks from extreme weather events and other climate-related shocks that threaten us now and in future. Policy makers need to seize the opportunities created by shifts in markets and behaviour to accelerate change, focusing on areas in which the COVID-19 recovery and decarbonisation priorities are best aligned. In order to create a decisive green transition, targeted government stimulus spending must be backed up by accelerated measures to build markets that can deliver for people and the planet.
- **Investors and companies will likely be subject to a heightened degree of scrutiny. They should contribute in ways that are effective and fair.** The pandemic has brought the multiple dimensions of poverty and vulnerability experienced by millions of people into sharp focus. For these people, decades of economic growth and development have not delivered prosperity and security. COVID-19 has exacerbated those vulnerabilities, created new ones and reduced people's ability to cope with shocks.[6] To maintain public support and deliver a sustainable, equitable, inclusive and resilient recovery, governments, investors and companies should contribute in ways that are (and are seen to be) both effective and fair.

With these themes in mind, redefining corporate purpose should be at the top of decision makers' agendas. We need a step change in the role that the responsible investment industry can play in achieving sustainable development objectives through policy change. We see opportunities for investors to make a difference in tax reform, executive pay and accountability, human rights in the companies in which they invest (and their supply chains), as well as in ensuring that capital markets operate in the interests of all stakeholders. By focusing on these, based on the recommendations set out in the seven-part policy engagement framework, we hope the investment community can step up in the post-COVID-19 environment and help create a fairer and more sustainable financial system.

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[6] Ahmed, F., Ahmed, N.E., Pissarides, C. and Stiglitz, J., 2020. Why inequality could spread COVID-19. The Lancet Public Health, 5(5), p.e240.

> “At the beginning of the pandemic – the sustainability agenda was pushed back (e.g. decision to postpone COP) – but the commitment is there, and we believe the crisis will ultimately accelerate the ESG agenda. One of the most encouraging decisions is what’s coming out of the EU Commission – aligning their recovery package with their net zero commitment.”
>
> Jennifer Wu, Global Head of Sustainable Investing, JPMorgan Asset Management

POLICY ENGAGEMENT IN RECOVERY – A SEVEN PART FRAMEWORK

Action 1: Undertake policy engagement, aligning your engagement and investment objectives.

Public policy critically impacts the sustainability and stability of financial markets, as well as social, environmental and economic systems. Engagement is therefore a natural and necessary extension of investors' responsibilities. In recent years, there has been a dramatic increase in the attention paid by policymakers to sustainability issues– including sustainable finance.[7] In some regions, and particularly the EU, policymakers have articulated a vision for sustainable finance that encompasses not just risks to the financial system, but the role the financial system has to play in financing the real economy.[8] Investors – and investor associations – will be key enablers of this change, helping demystify the policymaking process, offering investment expertise and experience, and working collaboratively to marshal disparate voices behind shared goals.

Action 2: Work to policymakers' timetables, not your own.

The policymaking process tends to play out in fits and spurts. Periods of intense reform, often seen during a crisis, may be followed by years of calm and consolidation. Thus, the window for change closes fast, and perhaps now, in an age of social media, faster than ever. In response, investors must engage with policymakers on political timelines rather than their own.

The COVID-19 crisis has highlighted stark inequities in our economic system, leading some policymakers to focus on how financial markets can become more sustainable and inclusive. Now is the moment for investors to engage, offering ideas (including those that may have been written off in the past) that reflect the priorities of the moment, before the debate fades and the bandwagon moves on.

Similarly, raising issues at the beginning of a new administration or head of state's term in office may help shape the agenda for the rest of that term, rather than waiting until later when other priorities may have taken precedence.

Action 3: Leverage arguments based on technical expertise.

Investors habitually leverage sophisticated data analysis for their day-to-day work and should use this evidence-based approach to engage policymakers and highlight the benefits or otherwise of specific proposals. In the US, the Administrative Procedure Act requires that rules have a solid evidentiary basis.[9] Moreover, there is often a statutory obligation to analyse costs and benefits. At time of writing, there are multiple European Commission-led consultations on a range of sustainability-related topics.[10] Indeed, there is a manifest opportunity to act in multiple jurisdictions around the world.

Policymaker resources are often stretched thin, limiting their ability to conduct in-depth analysis. If investors can help regulators understand the potential impact of proposals, providing quantitative evidence and relevant technical expertise, they should do so.

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[7] https://www.unpri.org/sustainable-markets/regulation-map
[8] EU Sustainable Action Plan https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en
[9] https://www.justice.gov/sites/default/files/jmd/legacy/2014/05/01/act-pl79-404.pdf
[10] https://ec.europa.eu/info/consultations_en

Action 4: Engage at all levels of the policy process, as well as through the media.

Legislative and regulatory processes are part of a larger political and policy ecosystem. This has implications for investors, which should engage at multiple branches of government. For example, if investors are concerned about a rule being written by a regulator, they should notify the regulator *as well as* policymakers responsible for oversight. In addition, when engaging with the legislature or regulators, it is important to try to shape the public debate. Investors should consider media engagement and collaboration with academic researchers as part of their advocacy. It will also be valuable to develop relationships with reporters, so that you can serve as a source of expertise and analysis for their stories.

Action 5: As much as possible, work together and speak with a coherent voice, especially where there is consensus.

Policymakers are generally hard-pressed for resources and can struggle to collect the full range of opinions in the markets they regulate. With that in mind, investors can make a powerful and effective case where there is strong consensus. The fact of consensus will show policymakers that a policy change is likely to be welcomed. While achieving a consensus can be challenging, early collaboration between signatories, trade associations and trade bodies can facilitate positive engagement. For all investors, but particularly smaller investors, joining together can be an important way to amplify their voices and communicate a coherent message.

Action 6: Better understand the relevant dynamics of policy decision-making across committees and groups.

It is important for investors to understand which legislative committees and regulators have jurisdiction – and therefore expertise – over the issues they care about. For example, policymaking in the US begins with congressional committees. The Senate Banking Committee and House Financial Services Committee have jurisdiction over the investment management industry and relevant financial regulators.[11] [12] When an issue deserves more attention, these committees hold hearings, which can eventually form the basis for legislation. The fragmented nature of the regulatory system in the US means no single financial regulator is responsible for everything. Therefore, if an investor is concerned about issuer ESG disclosure, for example, it should work with the SEC.[13] If it is focused on a bank's financing of fossil fuel companies, it should raise its concerns with banking regulators such as the Federal Reserve.[14]

Action 7: Be clear about who you represent and how policies impact your investor base.

When engaging, it is important to state who you represent in terms of your investor base and be as specific as possible about how a law will impact your stakeholders. This could be as simple as concisely describing, at the beginning of any engagement with elected representatives or regulators, your organisation, your total assets under management, and your end investors.

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[11] https://www.banking.senate.gov/
[12] https://financialservices.house.gov/
[13] https://www.sec.gov/
[14] https://www.federalreserve.gov/

PRI POLICY RESOURCES:

The PRI Policy Newsletter

The PRI prepares a monthly policy newsletter to update signatories, stakeholders and policymakers on global policy development relevant to responsible investment.

Policy Briefings and Consultations

The PRI prepares policy briefings and responds to policy consultations where relevant to our Principles and Mission. Signatories are encouraged to provide input into policy development processes, via the Global Policy Reference Group, Collaboration Platform or directly to PRI staff.

> "There isn't yet a good, lucid, detailed framework for the role of private investors in supporting a green, inclusive recovery. To date, it's focused on government intervention in fiscal policy."
>
> Patrick Arber, Head of International Government Engagement, Aviva

For example:

- How government and investors can deliver net zero in the UK: This briefing sets out the key policy priorities to put the UK on a trajectory to meet net zero emissions by 2050, and the role that investors can play. These priorities are consistent with a green recovery from the COVID-19 crisis.[15]

The Global Policy Reference Group

The Global Policy Reference Group allows the PRI and our signatories' policy professionals to exchange information on policy and regulation in real time, including policy processes, such as regulatory consultations, hearings and implementation.[16]

The Collaboration Platform

The Collaboration Platform allows PRI staff and signatories to share policy consultations and to seek policy input. The PRI will run five Collaboration Platform discussion and implementation groups for UK, US, EU, China and Japan on our climate policy activities.[17]

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15 https://dwtyzx6upklss.cloudfront.net/Uploads/f/n/k/pri2020howgovernmentandinvestorscandelivernetzerointheuk_916363.pdf

16 https://www.unpri.org/signatories/advisory-committees#Global_Policy_Reference_Group

17 UK: https://collaborate.unpri.org/group/4941/stream

Emerging Markets Policy Toolkit

The PRI is developing together with the World Bank a foundational policy toolkit for regulators in markets beyond the EU and the UK on how to design and implement financial policy frameworks aligning capital markets with sustainable growth aiming for net-zero real economies by 2050.

In a post-COVID world, investors need standardised 'off-the-shelf' foundational ESG policy implementation, aligning investment with sustainable, net-zero economies. This toolkit will contribute to this goal by setting baseline requirements and recommendations on key sustainable investment regulations, including:

- Pension fund regulations on ESG, including sustainability preferences and net zero alignment
- Stewardship and engagement
- ESG disclosure including corporate disclosures, including TCFD alignment
- Comprehensive sustainable finance strategies, including targets, sectoral alignment (ex. Energy transition) and taxonomy development.

United Nations-convened Net-Zero Asset Owner Alliance (AOA)

The UN Net-Zero AOA is a leading group of pension funds and insurance companies publicly committed at the CxO level, to reducing their portfolio emissions to net zero by 2050 and setting a 2025 portfolio wide target in line with this goal.

Alliance members include Allianz, Aviva, Axa, Alecta, Caisse des Dépôts, CalPERS, La Caisse de dépôt et placement du Québec (CDPQ), the Church of England Commissioners, ERAFP, Folksam Group, KENFO, Nordea Life, Munich Re, Pension Danmark, PFA, Scor, Storebrand, SwissRe, Wespath and Zurich.

The AOA is convened by Finance Initiative of the UN Environment Programme and the Principles for Responsible Investment, with support from WWF and Mission 2020.

Contact the team

The policy team can be emailed at policy@unpri.org.

> “During the COVID-19 crisis, there has been unprecedented, almost ‘wartime like’, fiscal stimulus and monetary policy. In the near-term this feels ok. But we also need a credible exit strategy, because you run the risk of causing misallocation of resources and excessive risk-taking by investors. For example, spreads are tightening, at the same time as private and public sector leverage is going through the roof.”
>
> Stefan Hofrichter, Global Economist, Head of Global Economics & Strategy, Allianz Global Investors GmbH

THREE THEMES TO SUPPORT ENGAGEMENT WITH POLICYMAKERS

As investors consider their plan of action for the post-COVID-19 environment, and pursue policy engagement on relevant issues, there are three overarching principles that can help shape discussions and drive positive outcomes.

THEME 1: THE CASE FOR A SUSTAINABLE RECOVERY IS OVERWHELMING

There is an overwhelming policy and economic case for COVID -19 recovery measures that prioritise sustainability objectives.

Many governments, including those in Canada, Germany, France and Korea, have signalled that they intend to pursue that direction of travel. The EU has published ambitious proposals for a recovery plan to build "a more sustainable, resilient and fairer Europe".[18] Global leaders have recognised that the UN Sustainable Development Goals (SDGs) can support global responses that 'leave no-one behind', and there is a growing consensus around the need to shift significant private capital to deliver on these ambitions.

The critical questions are around 'how', rather than 'if' sustainability objectives can be built into the financial stimulus and policy mechanisms that will support the recovery. Still, concerted action will be essential to drive policy responses that accelerate action on climate change, promote a more equitable society, and encourage capital flows towards sustainable and low-carbon investments. Implementation will be critical, and investors will have a major role to play, working with governments and other stakeholders to design practical solutions that are transparent, effective and aligned with sustainability goals.

> "Given the need to act quickly, governments don't have time to work out what industries should be bailed out and what shouldn't, so, for now, we're seeing a blanket approach to stimulus packages."
>
> Jason Channell, Managing Director, Citi Global Insights

The experience of the COVID-19 pandemic is transforming our awareness and understanding of systemic risks, and the consequences of failure to prepare for and mitigate them.

The pandemic has focused peoples' minds on the ability of environmental degradation, biodiversity loss and climate change to trigger shocks that have devastating impacts on health, society and economies. Impacts from so-called 'green swans' – risks characterised by high likelihood, catastrophic

[18] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0456&from=EN

consequences, complexity and non-linear dynamics (limiting ability to model impacts) – are increasingly seen as a threat to economic and social stability over the next 10 years and beyond.[19]

The pandemic has shown how systemic shocks expose and exacerbate the deep inequalities in our societies. The poorest and most vulnerable suffer most and have the fewest resources with which to survive and recover. Over the past few months, we have seen more urgent demands from the public, business and investors to tackle the root causes of vulnerability, including economic and social inequality and exclusion.

> "A likely lasting behavioural change is a new awareness of risk, that systemic risk is indeed material (the so called, green swan)."
>
> Fiona Elizabeth Stewart, Lead financial Sector Specialist, World Bank

We can learn from the policy response to the 2008 global financial crisis, and can see there is an opportunity to build a sustainable and inclusive recovery.

Stimulus measures to rebuild after the 2008 financial crisis were not uniformly sustainable, but some countries prioritised low-carbon sectors, and the past decade has shown the benefits of doing so. China invested in low-carbon technology to become a world leader in wind and solar energy and battery technology, helping drive down costs globally.[20] South Korea spent heavily in similar areas and is now a leader in battery and other low-carbon technologies.[21] Germany expanded funding for energy-efficient retrofits, while the US promoted home energy efficiency with federal support. Green stimulus measures in the US helped create more than 200,000 jobs.[22]

International coordination and cooperation are essential ingredients to successful recovery.

The COVID-19 crisis, climate change and sustainable development are all collective action problems – we must solve them together or not at all. The price of not doing so is likely to be disproportionate risks for poorer and vulnerable communities, including severe economic impacts. The World Bank forecasts that tens of millions of people will be plunged back into extreme poverty, and that progress towards some SDGs will be set back years without a strong and well-coordinated policy, spending and investment response.[23]

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[19] https://www.bis.org/publ/othp31.htm
[20] https://www.ft.com/content/4354da38-9813-11e9-8cfb-30c211dcd229
[21] https://www.ft.com/content/4354da38-9813-11e9-8cfb-30c211dcd229
[22] Climate Action Tracker (Apr 2020), « A government roadmap for addressing the climate and post COVID-19 economic crisis".
[23] https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-COVID-19-pandemic-a-changed-world

The economic multiplier of investment in the 'industries of the future', many of which are leading contributors to sustainability outcomes, will be higher than for 'sunset industries' including carbon intensive sectors.

The success of sustainable innovations such as low-carbon infrastructure and technology over the past decade shows how green stimulus can deliver growth and jobs alongside decarbonisation. The case for investment is much stronger now, with vital technologies already becoming cost-competitive globally and growing potential for others, such as electric vehicles, to enter the mainstream, given the right infrastructure and incentives. A sustainable recovery will need to deliver new 'green jobs' as well contributing to improvements in pay and conditions for workers.

Sustainable investments have performed relatively well during the pandemic and many low carbon sectors have more growth potential than high-carbon incumbents.[24] [25]

Research shows that many stimulus measures aimed at decarbonisation have high job creation potential and economic multipliers.[26] The International Energy Agency (IEA) has published a sustainable recovery plan comprising more than 30 energy policy measures for implementation in the next three years, with a focus on economic growth and cutting global emissions.[27] Analysis also finds that increases in company-level ESG performance are positively linked with improved living standards measured in GDP per capita in both developed and emerging economies.[28]

Addressing the climate emergency remains the central sustainability challenge. Many of the critical goals, pathways and sector priorities are clear.

A growing range of robust scenarios for decarbonising economies in line with the Paris Agreement goals and reaching net zero emissions by 2050 provide a foundation for policy and investment decisions. PRI's Inevitable Policy Response (IPR) provides a high-confidence, bottom-up forecast of policies that governments must introduce by 2025, and of their impacts on economies and investment requirements.[29] It highlights the high cost of delays to action, which would lead to abrupt, disorderly and disruptive policy change.

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[24] Albuquerque, R.A., Koskinen, Y., Yang, S. and Zhang, C., 2020. Resiliency of environmental and social stocks: an analysis of the exogenous COVID-19 market crash. https://ecgi.global/sites/default/files/working_papers/documents/albuquerquekoskinenyangzhangfinal_0.pdf
[25] Ding, W., Levine, R., Lin, C. and Xie, W., 2020. Corporate immunity to the COVID-19 pandemic (No. w27055). National Bureau of Economic Research. https://www.nber.org/papers/w27055
[26] Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J. and Zenghelis, D., 2020. Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?. Oxford Review of Economic Policy, 36
[27] https://www.iea.org/reports/sustainable-recovery
[28] https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-03.pdf
[29] https://www.unpri.org/esg-issues/environmental-issues/climate-change/inevitable-policy-response

> "Increasingly, investors are collaboratively engaging with companies, but this doesn't happen yet at a policy level except through industry associations, and it needs to."
>
> Patrick Arber, Head of International Government Engagement, Aviva

The impact of the pandemic on the poorest people and on levels of inequality is prompting investors to focus more on social issues and human rights. Progress on the "S" in ESG remains far behind the "E" and the "G". There is an urgent need to improve understanding, data quality and approaches for shaping social outcomes as part of investment strategy, asset allocation and stewardship. Leading companies have started to define their social purpose, and to demonstrate how they deliver value for stakeholders internally, in their supply chains and across society, while ensuring environmental sustainability. International human rights standards, including the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights, offer companies, investors, policymakers and other stakeholders a framework on which to build a fairer, more inclusive and resilient economy.

Investors will need to accelerate work under way to measure outcomes and engage with companies on how they understand and improve their sustainability impacts. Investors will also need to engage with governments to demand and support policies that enable companies to achieve key sustainability goals and investors to unlock flows of capital to finance that delivery.

Policymakers urgently need to put in place policies and funding to support an acceleration in investment where solutions are at hand, and to invest in getting more solutions to market and to scale.

COVID-19 recovery plans must include policies and financial stimulus measures that respond to immediate needs while aligning with long-term environmental and social goals and delivering the urgently-required economic transition to achieve net zero emissions by 2050. Drawing on the analysis from the Inevitable Policy Response to climate change project (IPR), the latest research on the impacts of the COVID-19 pandemic and the merits of different fiscal policy recovery measures (see the annex at the end of this report for a list of resources), investors can identify key policy priorities that deliver on decarbonisation, job creation and economic recovery.

It is vital that investors step up to advocate for accelerated policy change, and to collaborate with policymakers to design effective policies and deliver solutions that unlock sustainable and inclusive investments.

This will involve a shift in emphasis from high-level climate policy commitments and capital market reforms to the incentive structures and capital to transform real economy sectors including energy, transport, buildings, and agriculture and land use. Investors can contribute technical expertise to help make policies and funding decisions effective, and take more steps to supplement public spending with private investment.

THEME 2: CLIMATE POLICY FUNDAMENTALS ARE UNCHANGED – DECARBONISING ECONOMIES REMAINS URGENT AND ACHIEVABLE

The fundamentals of climate policy are unchanged in the long-term, but there is a need and opportunity for action in the short-term. That means that the sectors that most need to decarbonise remain the same post-COVID-19 as they were pre-COVID-19. However, the timings and drivers of change have shifted.

> "If there's one lesson we can learn from the pandemic, it's that we need to be better prepared – and on climate change we're still so ill prepared."
>
> Jennifer Wu, Global Head of Sustainable Investing, JPMorgan Asset Management

The climate change imperative remains. As the United Nations Framework Convention on Climate Change (UNFCCC) has stated, the COVID-19 pandemic has put many aspects of our economies and lives on hold, but it has not stopped the climate emergency and will not prevent the risks from climate hazards that threaten us now and in future.[30] Forecasts indicate a temporary drop in GHG emissions in 2020, but scientists estimate we need to sustain annual emissions reductions at 7.6% per year to 2030 to limit temperature rises to 1.5 degrees Celsius.[31] COVID-19 has exposed vulnerabilities that intersect with the impacts of climate. The period from 2020 until the now-delayed COP26 climate change conference in 2021 remains critical to accelerate progress towards the Paris Agreement goals.

Climate policy fundamentals are unchanged, but short-term needs and opportunities have shifted. The dramatic shift in short-term economic conditions and political priorities has reshaped the policy environment, both in terms of creation and delivery. Medium-term prospects will be influenced by structural impacts on the economy, behavioural changes, and the recovery measures taken by governments and others. Yet, the core goals of climate change policy remain the same, including the need to decarbonise the economy by 2050, using progressive steps and starting immediately.[32]

The sectors that most need to decarbonise have not changed, but the position and prospects of many of those sectors have changed, in some cases dramatically, as in the cases of energy and transport.

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30 https://unfccc.int/news/open-letter-by-the-executive-secretary-on-COVID-19
31 https://www.unenvironment.org/resources/emissions-gap-report-2019
32 Committee on Climate Change, May 2020, UK, https://www.theccc.org.uk/publication/letter-building-a-resilient-recovery-from-the-COVID-19-crisis-to-prime-minister-boris-johnson/

Investment in the global energy transition remains well short of the sums required to achieve net zero by 2050. IEA forecasts a 20% decline in capital investment in energy in 2020 due to the impacts of the pandemic, with clean energy investment performing less poorly but still substantially down on 2019.[33] [34] Policymakers should act both to maintain momentum in 2020 and then to rapidly accelerate. The challenge will be to seize existing and new opportunities to establish decisive shifts towards net zero.[35]

"To bring forward climate implementation, we need to set out why it is in the public interest, in investors' interest and the government's interest to prioritise climate. From a government perspective, we need to demonstrate what how a climate focussed recovery will generate more jobs and more revenue more quickly, as well as delivering net zero"

Patrick Arber, Head of International Government Engagement, Aviva

Policy action is required both directly in the priority sectors for decarbonisation, and at the level of enabling policies, including the governance of market systems. Policymakers should take opportunities created by shifts in markets and behaviour to accelerate change - focusing on areas in which the COVID-19 recovery and decarbonisation priorities are best aligned.

To catalyse a decisive green transition, targeted government stimulus spending must be backed up by accelerated measures to build markets that can deliver for people and the planet. In the context of the COVID-19 recovery, this means delivering a green agenda that creates green jobs and markets and galvanises progress to ensure we leave no one behind.

Central banks and supervisors are already playing a big role in providing emergency support to economies. Many are also acting to take account of climate-related risks and green finance. The mechanisms used by central banks to support stability and stimulate recovery can be calibrated to account for climate and sustainability concerns and objectives. These include aligning of asset purchases and refinancing operations with Paris Agreement goals, adjusting prudential measures to avoid transition risk building up on the balance sheets of financial institutions, and adopting sustainable investment practices for portfolio management.[36]

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[33] https://www.carbonbrief.org/iea-coronavirus-accelerating-closure-of-ageing-fossil-fuelled-power-plants
[34] https://www.iea.org/reports/world-energy-investment-2020
[35] https://www.iea.org/reports/sustainable-recovery
[36] Dikau S, Robins N and Volz U (2020), A Toolbox for Sustainable Crisis Response Measures for Central Banks and Supervisors. INSPIRE Briefing Paper. London: Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science and SOAS Centre for Sustainable Finance.

Tools to manage climate-related investment risks and identify opportunities for decarbonisation are available and improving fast, and policies should accelerate uptake and implementation. The table below lists some of the key governance and disclosure mechanisms that will enable policymakers and investors to align COVID-19 recovery measures with sustainable investment goals – particularly the transition to net-zero economies.

A consistent high-level set of policy priorities for stimulus spending is emerging in expert analysis and early political commitments. The table also includes a set of sector priorities, in which policy action and investment promise to deliver an immediate boost to job creation, high economic multipliers now and in the future, and a significant contribution to decarbonising economies.

> "We need a recovery plan that will boost jobs and at the same time green the economy. For investors, better disclosure on ESG issues is key to contribute effectively to this process. To support this, China will establish a mandatory environmental disclosure framework applicable to all listed companies by the end of 2020."
>
> Ma Jun, Chairman of Green Finance Committee, Director of Center for Finance and Development at Tsinghua University

Based on findings from the IPR project, supplemented with analysis from other leading global institutions, PRI has identified key policy areas in which action is inevitable and can be accelerated to deliver on COVID-19 recovery and decarbonisation. We recommend that investors engage policymakers to bring forward planned policy change and seize the opportunities created by market and behavioural shifts. Policymakers may prioritise initiatives such as the phasing out of internal combustion engines or the retrofitting of buildings to improve their energy efficiency. Government support for the energy transition should include cutting subsidies to fossil fuel production and consumption, establishing or increasing carbon taxes and prices, and freeing up public funds to support low-carbon sectors. Governments also need to take steps to avoid locking in future carbon emissions from polluting sectors by placing conditions on recovery spending and funding.

CLIMATE-RELATED POLICY TOOLS AND PRIORITIES

Green governance **Establishing standards, benchmarks and tools for measuring and managing climate-related commitments, risks and outcomes.** **Key policymakers: central banks, financial regulators, standards setters**	**Risk disclosure and management** ■ Paris Agreement commitments and NDCs, including net zero 2050 commitments and interim targets. ■ TCFD – mandatory requirements and guidance for companies and investors to disclose their assessment, strategy and management of climate-related risks. ■ ESG disclosures – mandatory requirements and guidance for corporate disclosure of ESG risk management and performance. **Outcomes/Impact disclosure and management** ■ Sustainable Taxonomies (e.g. EU Taxonomy) to enable spending and investment decisions to be aligned with climate and sustainability outcomes. ■ Social and human rights standards (e.g. UNGPs, OECD Guidelines, ILO Core Standards) to enable disclosures and decisions to integrate social outcomes and inclusion. ■ Market standards – Including green bonds, social impact bonds and Paris-aligned benchmarks to facilitate investment flows into assets delivering sustainable outcomes.
Sector priorities and stimulus focus **Policy action and stimulus spending targeted at priority sector transformations to reach net-zero emissions by 2050; focusing in the short term on areas with the highest job creation and economic multipliers.** **Key policymakers: governments, central banks**	■ Clean energy infrastructure, including renewable energy generation, storage, flexible grids, and CCS. ■ Zero emissions transport, including EV infrastructure and supply chains, and green hydrogen. ■ Energy-efficient buildings, including renovations and retrofits for insulation, heating and energy storage. ■ Land-based solutions, including afforestation and reforestation, and ecosystem/carbon sink restoration. ■ Align policy and spending with climate goals and NDCs. ■ Apply conditions on stimulus spending to avoid high-carbon lock-in (e.g., in fossil fuel sectors) and incentivise decarbonisation. ■ Consistent with the commitment of the G20 dating back to 2009, governments should implement a phase out of fossil fuel production and consumption subsidies.

Coordination and cooperation	■ Promote and contribute to global coordination and cooperation on the pandemic response, which is vital to strengthen health systems and support economic recovery, particularly in emerging market and developing economies. ■ Coordinate to avoid short-term responses that set back sustainability goals (e.g. new investments in fossil fuel power and infrastructure) and provide technical and financial support to enable green recovery policies and spending instead. ■ Link recovery plans to NDCs under the Paris Agreement, and promote a coordinated response to accelerate action on climate change through key international forums (e.g., G7, G20, UN, NGFS) in preparation for COP26 in 2021.

> "We are now discussing a number of social issues with our asset managers, as many workers and supply chains have been impacted by COVID-19.
>
> "Before the pandemic, we had focused most of our efforts on climate change – probably the largest ESG issue – but now we need to think about other issues in addition to climate change. In the immediate to middle term, we need to consider matters such as working standards, labour conditions, human rights, supply chains, and cybersecurity risk.
>
> "While focusing on climate change was the right decision, we need to also pay closer attention to areas such as water resources, forestry, and pollution.
>
> "COVID-19 is a critical situation, but at the same time, we believe we can turn this crisis into an opportunity for all investors to increase the scope of ESG issues that they engage on."
>
> Hiroshi Komori, Senior Director, Public Markets Investment Department, Stewardship & ESG, GPIF

THEME 3: INVESTORS AND COMPANIES WILL LIKELY BE SUBJECT TO A HEIGHTENED DEGREE OF SCRUTINY AND SHOULD CONTRIBUTE IN WAYS THAT ARE EFFECTIVE AND FAIR.

> "In the US, nearly every measure of inequality, is higher than most – if not all – developed countries, and many emerging countries. There is not sufficient political drive to change that, and COVID-19 will make that worse."
>
> Robert M. Wilson Jr., Equity Research Analyst, MFS

The impacts of the COVID-19 pandemic vary. Not everyone is equally at risk from the virus. For example, those working from home may be safer than those working in face-to-face situations. Existing wages are unlikely to 'price in' the risk premium. Many people lack the resources to cope with the lockdown and its economic consequences. For example, those with cramped and poor-quality housing and limited savings face additional physical and mental health impacts.[37] Many more people lack adequate healthcare, access to virtual education, and secure incomes or financial support and social protection.

The impact of the pandemic has exacerbated inequality. The pandemic has brought into sharp focus the multiple dimensions of poverty and vulnerability experienced by millions of people, for whom decades of economic growth and development has not delivered prosperity and security. COVID-19 has exacerbated those vulnerabilities, created new ones and reduced people's ability to cope with additional shocks.[38] Issues of fairness have been highlighted as governments have rolled out emergency responses and short-term economic stimulus measures. Moreover, calls to demonstrate fairness look likely to extend into COVID-19 recovery plans.

To maintain public support and deliver a sustainable, equitable, inclusive and resilient recovery, governments, investors and companies should contribute in ways that are (and are seen to be) both effective and fair.

REDEFINING CORPORATE PURPOSE

The pandemic has sparked renewed discussion around the role of business, corporate purpose and companies' engagement with an evolving social contract. The narrative has moved on from weighing purpose against profit, to considering issues in the short versus long term and acknowledging that defining and acting on purpose is the pathway to value creation for all stakeholders. Companies

[37] Van Lancker, W. and Parolin, Z., 2020. COVID-19, school closures, and child poverty: a social crisis in the making. The Lancet Public Health, 5(5), pp.e243-e244

[38] Ahmed, F., Ahmed, N.E., Pissarides, C. and Stiglitz, J., 2020. Why inequality could spread COVID-19. The Lancet Public Health, 5(5), p.e240.

can expect to come under unprecedented scrutiny on how they deliver value for employees, society and investors, and investors themselves will be under rising pressure to fulfil their stewardship responsibilities.

Tax fairness

As companies focus on defining or rethinking their purpose and accountability to stakeholders, and governments become more sensitive to public opinion, discussions around tax have shifted towards good governance and fairness. Tolerance of companies that are perceived as tax avoiders will likely continue to wane, especially as people struggle to hold on to their livelihoods and economic inequality rises in the aftermath of the pandemic. This may result in a greater push for companies to re-evaluate their positions on tax and deliver a sustainable outcome, not only for their shareholders but for society as a whole.

At the same time, governments (and taxpayers) face unprecedented emergency spending requirements, a need for sustained investment to maintain the public health response and rebuild economies and a reduction in near-term tax revenues. It is therefore likely that both the public at large and governments will expect companies to contribute, both by investing in recovery and by paying their fair share of taxes. Denying bailouts to companies linked to tax havens is one of many initiatives being implemented in some countries.[39] Civil society may in the coming period press for more stringent conditions around tax transparency and oversight of companies receiving support.[40]

Investors have a role to play in ensuring greater corporate accountability. They should embrace active ownership, clarify their expectations on responsible tax behaviour and engage with policymakers to drive tax transparency and a level corporate playing field.

> "I think we might see more revenue-based taxes like the recently proposed digital revenue taxes, with countries saying 'I can't follow your profits', all we know if that there's a bunch of people in our country using your product or service, so we will tax you on revenue."
>
> Robert M. Wilson Jr., Equity Research Analyst, MFS

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[39] https://www.reuters.com/article/us-health-coronavirus-denmark/denmark-blocks-firms-registered-in-tax-havens-from-state-aid-idUSKBN2221V8
[40] http://highpaycentre.org/pubs/conditions-are-critical-publicly-funded-bail-outs-for-private-companies

Executive pay

> "COVID-19 has highlighted the risks of basing your supposed profits in tax havens, and then going to the government you generate revenues in – but don't pay tax in – and asking for a bail out."
>
> Leigh Gavin, CIO, LUCRF Super

The distribution of value across employees, executives and investors will come under more scrutiny in the recovery period. Companies will therefore be expected to take a responsible approach towards capital allocation decisions, including executive pay, which has regularly created headlines and led to public debate. Stakeholders increasingly expect pay to be tied to performance, which should include impacts on employees and partners. A number of companies have responded by reducing executive salaries or bonuses. However, many of these responses have been seen as token gestures, with limited actual effect on the total quantum of pay. Indeed, many salary and bonus reductions have been accompanied by increased share awards.[41]

The investment community will be expected to exercise closer scrutiny going forward. Remuneration committees will need to ensure that executives are not rewarded with windfall gains due to the movement of share prices and that issues such as CEO/worker pay ratios are considered carefully. Importantly, pay and incentives will need to be truly aligned with the company's overall mission, strategy and business model – ideally its stated purpose – to ensure long term value. Recipients of bailouts or stimulus funds will need to demonstrate even more clearly how funds will be used to create value for a range of stakeholders.

New social contract

The COVID-19 pandemic has illuminated shortcomings in the social contract between government, business, employees and people, and fuelled discussions on how the contract could more effectively reflect the shift to more sustainable values.

Companies and investors will need to recognise fundamental changes in work, technology, and demographics. There will be pressure to formalise measures such as paid sick leave and unemployment insurance, granted by companies during the crisis. Investors should encourage companies and policymakers to make sure these social safeguards, and a social safety net, create a new baseline for an inclusive recovery.

[41] https://www.ft.com/content/f6f61677-745a-4afc-b3de-3c68fd45a50e

FAIRNESS SHOULD BE ROOTED IN FUNDAMENTAL HUMAN RIGHTS

Human rights, worker protections and supply chain resilience

The impacts of the spread of the COVID-19 virus and its health impacts are highlighting a range of human rights issues:

- Right to privacy - as governments apply tech solutions to tracing and tracking
- Right to non-discrimination - as the consequences of the pandemic and lockdown hit minorities and vulnerable groups harder and we see a rise in race-related abuse
- Right to health - as we think about the role of public and private actors in the provision of quality health care

The investments required to support economic recovery will raise the risk of new human rights infringements (e.g., due to insufficient environmental, social and human rights due diligence, consultation, and planning or resourcing), particularly where governance is weak. It is crucial for all stakeholders to remember that human rights are universal, interdependent, inalienable, interrelated and indivisible.[42] Both investors and companies have a responsibility to safeguard rights and should press governments to do the same.

> "The reason we've done E more than S is because you can price it. Coronavirus is going to force us to do S. It's forcing us to answer, 'what's an essential industry?'"
>
> Jason Channell, Managing Director, Citi Global Insights

Worker protections and labour rights

Companies that fail to prioritise job security, benefits such as sick pay, and workplace safety are attracting public criticism and political action (e.g., emergency state funding made conditional on retention of staff). The problems caused by persistently low wages and precarious work have been thrown into sharp relief – including for workers already living in poverty in global supply chains in sectors such as apparel. Companies performing poorly risk long term operational and reputational harm and employee hiring and retention difficulties.

[42] Office of the High Commissioner for Human Rights 'What Are Human Rights?' https://www.ohchr.org/en/issues/pages/whatarehumanrights.aspx

Resilient supply chains

The COVID-19 pandemic has exposed the consequences of a focus on efficiency rather than resilience in global supply chains that are complex and interwoven across sectors. This focus has put increasing pressure on labour practices in supply chains globally, making it more difficult for businesses to trace the origin of different products and services, which in turn increases their exposure to unidentified vulnerabilities and supply-chain risks.[43] Vulnerable workers and communities may also be put at risk in the case of either manufacturing shut-downs or surges in demand.

Fair recovery and just transition

Both the COVID-19 pandemic and the climate crisis threaten to inflict hardship disproportionately on the poorest and most vulnerable people and communities across the world. There is a further risk that those who have been physically and financially best placed to survive the pandemic become the winners during the recovery, further threatening progress towards the SDGs and exacerbating inequality and polarisation.

[43] From farm to table: Ensuring fair labour practices in agricultural supply chains, PRI May 2020, available here.

"The National Policy on Climate Change and Response Strategy (NPCC-RS) (2018) aims to foster low carbon, high growth economic development and to build a climate resilient society. There are currently no revisions to the NPCC-RS but in response to the challenges posed by the COVID-19 pandemic, there has been a development of the Nigeria Economic Sustainability Plan (NESP) (2020). The NESP focuses on the prevention of business collapse, retention and creation of jobs, infrastructural investments, promotion of manufacturing and local productions, and protection of poor and vulnerable groups – including women and persons living with disability. This plan consists of real sector measures, fiscal and monetary measures, and implementation measures."

Bolu Iyiola, ESG Consultant, EBS Advisory

SPOTLIGHT ON CAPITAL MARKETS FUNCTIONS AND BEHAVIOUR

Governments are under pressure to provide bailouts to companies struggling to cope with the sudden and severe financial impacts of partial economic shutdown, and in many countries have already been paying the wage bills of millions of furloughed workers.[44] Taxpayers are raising questions around the fairness of these arrangements. Should an airline company that has recently undertaken a share buy-back programme receive the same funding as one that has not?

As companies are asked to demonstrate their value to society, the role of capital markets and investors - in funding, stewardship and benefitting from corporate success - is in the spotlight.

Dividend policies

Investors and companies have become accustomed to substantial dividends in some sectors, even when profits are low and leverage is high. Dividend payments are also an important source of income for investors, including retail shareholders. However, institutional investors have encouraged companies to revisit dividend policies in the context of the pandemic.[45] In some jurisdictions, company directors have duties in law requiring consideration of the ability to operate after a dividend is paid. The unprecedented level of state financial support to companies has already seen UK banks suspend dividend payments under pressure from the Prudential Regulation Authority, and even the oil and gas majors, traditionally reliable dividend payers, are beginning to bow to pressure to break the taboo on dividend cuts.[46]

Share buybacks

Even before the pandemic, criticism of share buybacks was growing. Allegations of ‘financial engineering’ to boost stock prices was linked to data showing listed companies increasingly failing to reinvest profits into the real economy and the workforce. It has also been argued that a less aggressive approach to share buybacks, especially for certain sectors such as aviation, would have made companies more resilient financially and might have reduced the need for financial support.[47]

Many companies have cancelled share buybacks in response to the crisis, as they cut staff and investment and focus on survival. Going forward, capital markets will also need to deliver huge volumes of investment to drive the economic recovery.

Short selling

Relatively few jurisdictions have introduced temporary outright bans on short-selling (those that have include South Korea, France, Italy and Greece) but extreme market volatility has placed renewed

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[44] https://www.ft.com/content/3e68bb70-1b17-4fd3-82f5-dfa4ea7454a2
[45] https://www.ft.com/content/fbb0817c-6ebe-11ea-89df-41bea055720b
[46] https://www.bankofengland.co.uk/prudential-regulation
[47] https://www.icgn.org/COVID-19-and-capital-allocation

attention on short-selling practices. Some of those that have not imposed bans have cited a lack of evidence that short selling has driven market falls and pointed to the benefits of short selling in liquidity provision.[48] However, a number of jurisdictions have lowered thresholds for shareholding disclosures to account for short-sellers covering market positions.[49]

Market concentration

In the same way as it is widening gaps between groups of people, the pandemic is also likely to widen gaps between companies.[50] Companies with large cash reserves and low debt levels suffered smaller share price falls during the pandemic and will likely emerge stronger. Market concentration may rise significantly in many sectors as weaker companies fail. Less competition and more monopolies in key economic sectors raise risks for investors and society.

Investors face the prospect of less efficient markets and companies, and heightened economic fragility, as diversity and adaptability is lost. For society, less resilient, responsive and innovative markets and supply chains, and the potential for dominant companies to exploit customers or employees, would raise new questions about how economies can deliver on the SDGs.

The table below includes a set of policy priorities across corporate purpose, fairness, human rights and just transition, and capital market functions and behaviour.

48 https://www.fca.org.uk/news/statements/statement-uk-markets
49 https://www.esma.europa.eu/press-news/esma-news/esma-requires-net-short-position-holders-report-positions-01-and-above
50 https://www.avivainvestors.com/en-gb/views/aiq-investment-thinking/2020/04/will-COVID-19-concentrate-corporate-power/

POLICY PRIORITIES FOR PURPOSE, FAIRNESS AND HUMAN RIGHTS

Redefining corporate purpose	**Tax** ▪ Tax transparency to end secrecy and opacity related to tax transactions. ▪ Strong investor commitments to responsible tax behaviour. ▪ Disaggregated corporate reporting to demonstrate that taxes paid are reflective of the commercial reality in which a company operates. **Remuneration** ▪ Remuneration committee consideration of CEO / worker pay ratios. ▪ Remuneration alignment with company strategy and business model to ensure long-term value. ▪ Integration of ESG metrics to guide performance-related pay. ▪ Diversity pay gap disclosures.
Fairness rooted in human rights, decent work and just transition	▪ Understand changing nature of connections to human rights risks. ▪ Safeguard human rights of workers, suppliers, partners and associates. ▪ Implementation and disclosure according to UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and ILO core labour standards. ▪ Equal treatment of workers in terms of labour and social protection regardless of contractual status (temporary or part-time contracts, self-employed or gig workers), including rights to paid sick leave and health insurance. ▪ Disclosure by companies on living wages, freedom of association and collective bargaining, job security and benefits. ▪ New streams of private finance for communities affected by the low carbon transition.
Capital market functions and behaviour	▪ Long-term strategic approach towards dividend policy. ▪ Restrictions on companies' ability to redistribute profits to shareholders via buybacks when in receipt of emergency funding and sustainable recovery funding. ▪ Regulatory intervention to limit market stress and volatility and to support market stability and liquidity.

ANNEX: POLICY FOUNDATIONS FOR A SUSTAINABLE AND INCLUSIVE RECOVERY

The following resources provide a broadly supported menu of evidence-based policy tools and sector priorities that can provide the foundations of effective, sustainable and inclusive COVID-19 recovery plans. They do not provide all of the answers, but do constitute an excellent starting point for ambitious policy reforms. They also put forward a set of priorities for a zero-carbon transformation on which investors are ready and able to work with policymakers to ensure that implementation matches ambition.

Resource	Contents
IEA: Sustainable recovery plan	Recovery measures that will spur economic growth and achieve a definitive shift to cutting global emissions. More than 30 specific energy policy measures for implementation in the next three years.
EU: Recovery plan for Europe	Comprehensive set of proposals for a recovery plan to build “a more sustainable, resilient and fairer Europe” and contribute to delivering the European Green Deal.
Energy Transitions Commission: 7 priorities to help the global economy recover	ETC has defined key priorities to help the global economy recover while building a healthier, more resilient, net-zero-emissions economy.
UK Committee on Climate Change: Principles for a green recovery	Sets out 6 high-level principles for policymakers to design and implement plans for a green recovery.
Oxford Smith School: Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?	Economic analysis that identifies a range of policy and fiscal stimulus mechanisms that can deliver jobs, have a strongly positive economic multiplier and contribute to decarbonisation.
OECD: Guidelines on Responsible Business Conduct for Institutional Investors	Helps institutional investors implement the due diligence recommendations of the OECD Guidelines for Multinational Enterprises in order to prevent or address adverse impacts related to human and labour rights, the environment, and corruption in their investment portfolios.
Investor Alliance for Human Rights: Toolkit	This toolkit outlines the framework for integrating the UN Guiding Principles into businesses.
ITUC: Joint statement on the global response to COVID-19	Joint statement between the International Trade Union Confederation and the Council of Global Unions on the need for urgent economic stimulus and workplace measures required.

Credits:

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