

# THE GREAT SHIFT

## From a broken world to sustainable well-being

### A SELECTION OF GAME CHANGING POLICY RECOMMENDATIONS

The Independent Commission for Sustainable Equality makes 242 policy recommendations across the whole spectrum of economic, financial, fiscal, social, labour market, climate, ecological, trade, development and global governance policy areas. Depending on each recommendation, corresponding action may be taken at national, European or global levels, and may be politically feasible right away, or over a longer time horizon. A large number of recommendations are quite precise, while a certain number are to be considered as initial recommendations that would deserve additional in-depth development.

Within this large number of recommendations, a restricted group may be considered particularly relevant in the achievement of the ultimate objective the report sets, sustainable well-being, because they would trigger particularly significant change by themselves. This last group of recommendations are considered as game changers, and the ten most salient of them are presented in this document. They could be subject to additional articulation towards fully-fledged policy initiatives in their own right by the S&D Group<sup>1</sup>. In some cases, they may involve several recommendations grouped into a single initiative, as indicated below.

### Game-changer 1: A European Sustainable Well-Being Pact

Policymaking and governance in Europe remains almost solely focussed on maximising economic growth, despite conclusive evidence of how this policy orientation is inextricably linked with growing social inequalities and environmental degradation. The report therefore sketches out an alternative model of policymaking that does away with this fetishisation of

GDP. To this end, the report proposes the introduction of a 'sustainable well-being pact' that commits EU policymaking to the pursuit of horizontal well-being objectives, updates the EU's economic and fiscal policy framework accordingly, and establishes a new system of governance and policy coordination, which is to replace the current European Semester.



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### Game-changer 2: A European Responsible Capitalism Act

The comprehensive transformation of society and the economy that is necessary to cater for the sustainable well-being of people and planet hinges, not least, on behavioural changes in the corporate sector. The extent and speed of the required change of corporate culture must not be determined by what markets are ready and willing to except.

Accordingly, the report advocates the development of a new, binding framework for corporate responsibility that leads companies to internalise essential social and sustainability objectives, makes corporate governance more transparent and democratic, and erects backstops against excessive short-termism and failed ideas of shareholder value maximisation.

Require large and high-risk corporations to define comprehensive sustainability strategies that ensure businesses contribute to the transition to a new economic model focussed on sustainability and well-being.	Adopt a European Directive on mandatory corporate due diligence to make businesses accountable in for their impact on society and the environment.	Condition state aid and access to public procurement on good corporate governance.
Strengthen employees' right to board-level representation to give key company stakeholders a say in corporate strategy.	Bolster workers' rights to information and consultation, especially with regards to the management of change and restructuring.	Eliminate incentives for company directors to focus excessively on shareholder interests so that considerations of long-term value creation can prevail in corporate decision-making.
Limit the voting rights of large shareholders to limit the concentration of power in corporate decision-making.	Reward patient shareholding to mitigate the pressure on companies to focus on short-term profit.	Adopt an EU directive establishing a benefit corporation statute in all EU Member States that promotes public purpose-driven forms of business.

### Game-changer 3: A European Climate Justice Governance Framework

This legal framework would ensure that climate justice and just transition policy goals are explicitly

combined with the European Green Deal, including the Climate Law and the Fit for 55 legislative package.

A European Climate Justice Governance Regulation. The ecological progress cannot lead to social regression, and lower income households should not bear the costs of this ecological transformation, whether through higher prices or taxes, or through labour market changes that may leave them unemployed. Equally, this should not leave exposed or vulnerable regions and communities behind. Even more so, wherever possible, policies aimed at decarbonisation should be used to generate social progress, to improve economic and social well-being for all. Despite a range of important EU initiatives to address this (such as the Just Transition Fund or the forthcoming Climate Social Fund), a lot will depend on how national and regional governments will address the social risks and opportunities of the ecological transformation. Hence, alongside the Fit for 55 initiatives, the European Commission should bring forward a Climate Justice Governance Regulation, notably inspired by the existing Energy Governance Union approach, to develop and monitor national climate justice plans.



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### Game-changer 4: A Climate Adaptation Act

Mitigate climate change is vital but, in the meantime, ensuring that society can anticipate change and adapt to it is just as important. Even if all greenhouse-gas emissions ceased tomorrow, this would not halt the impact on the climate, likely to continue for decades. As climate change is already having serious consequences in Europe and worldwide, it will incre-

mentally affect people, particularly some vulnerable groups, and impact workers and working conditions in a wide variety of sectors. Ensuring the EU's preparedness against hazardous climate change requires the development of mandatory adaptation plans to tackle climate vulnerability and provide a collective socio-ecological protection against ecological shocks.

The EU adaptation strategy to climate change must be legally binding.

Mainstream climate adaptation in, and maximise the co-benefits with, all relevant EU policies towards a more sustainable future, such as agriculture and food production, forestry, transport, trade, energy, environment, water management, buildings, infrastructure, industrial, maritime and fisheries policies, as well as cohesion policy and local development, and social policies, and the need to ensure that other European Green Deal initiatives are consistent with climate adaptation and mitigation measures.

Develop a strong social dimension, which would put people first. The adaptation strategy should include meaningful indicators to monitor its socio-economic impacts and to assess the value of the prevention and management of risks linked to climate change.

Support social protection policies to protect lower-income groups against the threats of climate hazards.

Adaptation measures must promote and not undermine gender equality. This means women should participate in the 'gender-screening' of all proposals, to assess their specific impact.

The EU should pilot more closely policy to assist local communities develop and implement adaptation plans, and support urban-planning, investment in resilient infrastructure and housing.

The EU needs to plan for the consequences and to invest in public services, infrastructure, social protection and insurance schemes, so that our societies are ready to handle the challenges.

Public policy will have to play a critical role in providing public goods for adaptation and ensuring that social processes and institutions are flexible enough to learn and assess policy options.

### Game-changer 5: Moving towards a social-ecological welfare state

The rising impact of climate change, coupled to increasing loss of biodiversity and its consequences, and the related socio-economic and health risks this entails require a visionary re-think of

prevailing social protection and welfare systems towards new forms of social systems. The policy report advances three first significant policy initiatives to move in this direction.

Design a Climate risk insurance for low-income households as one fundamental element of the social-ecological welfare state.

Introduce legislative instruments that recognise the increased safety and health risk faced by workers due to climate change and create obligations to protect them.

Establish social protection mechanisms at European level to support Member States in case of emergencies.



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### Game-changer 6: A European Biodiversity Law

The preservation of natural capital according to our perspective should have a view to social justice, since biodiversity is providing associated ecosystem services for the many. Biodiversity and ecosystems are essential for life - they provide us with food, health, materials, recreation, and wellbeing. They filter our air and water, help keep the climate in balance, pol-

linate and fertilise crops, and much more. Activities that threaten biodiversity also threaten the capacity to provide such services for everyone. In order to fight this, we need to set a legally binding biodiversity framework, similar to the Climate Law, which steers a path through a set of binding objectives for 2030, 2040 and 2050, and the commitments made at COP15.

Establish a Biodiversity Law. Biodiversity loss and climate change are challenges of a similar magnitude and urgency, and are fundamentally interlinked. They must be addressed together as part of a broader green and inclusive recovery. Instead of incentivising activities that harm biodiversity, governments and the EU should redirect subsidies to activities that deliver socio-economic outcomes and have a positive impact on biodiversity.

This would imply setting a legally binding biodiversity framework, similar to the Climate Law, which steers a path through a set of binding objectives for 2030, 2040 and 2050, and the commitments made at COP15. The Commission should make a legislative proposal to that effect without delay.

Biodiversity proofing should be mainstreamed across all EU spending and programmes on the basis of the EU Taxonomy, with the precautionary and 'polluter pays' principles taking precedence in EU actions.

Scale up investment in biodiversity conservation, sustainable use and restoration and put a price on biodiversity loss by setting biodiversity spending targets for COVID-19 stimulus measures and recovery plans and reform subsidies harmful to biodiversity.

Develop and incorporate pandemic and emerging disease risk health impact assessments in major development and land-use projects.

Align the CAP with the European Green Deal objectives by dedicating sufficient and qualitative CAP funding to incentivise and reward farmers to deliver on the objectives of the European Green Deal. This would include : reducing pesticides, fertilisers and antimicrobials use, increasing organic farming, agroecology and agroforestry, deploying high-biodiversity landscape features, cutting greenhouse gas emissions, preventing food loss and waste, improving the circularity of the agriculture sector, a.o. through better nutrients cycling, protecting and restoring ecosystems (especially in Natura 2000 and protected areas), and shifting dietary patterns.

### Game-changer 7: A European Anti-Poverty Law

Almost 90 million citizens, 21% of the EU population, are considered to be at risk of poverty and social exclusion. Despite this social emergency, EU action in the field of poverty alleviation remains largely ineffective. By proposing an anti-poverty law, the report argues that EU social policy requires

the same level of ambition as is currently shown the field of climate action. Such a law would make the full eradication of poverty by 2050 a legally binding target for EU policy and trigger the preparation of a host of flanking measures, including in labour market regulation and housing policy.

Adopt an EU anti-poverty law that commits EU and national policy to work towards the full eradication of poverty in Europe by 2050.

Use adequate definitions and indicators, hence measure the exposure of citizens to poverty by taking into account the real cost of living through the definition of reference baskets.

Set common standards for minimum income schemes to ensure all citizens, regardless of their age or employment situation have access to poverty-proof minimum incomes.

Embed the anti-poverty law and its targets in the European Sustainable Well-being Pact and well-being budgeting procedure to foster policy coherence at EU and national level.

Provide co-financing for the implementation of the anti-poverty law under the EU Social and Investment Funds.

Establish an EU re-insurance fund for minimum income schemes to ensure these are adequately financed, also in times of economic crises.

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## Game-changer 8: An EU net wealth tax

Current levels of green and social investment are far from what is needed to make possible the transition to a carbon-neutral economic model and a society without poverty. Public budgets are eternally tight and public debt is piling up while, at the same time, 25% of private wealth in the EU is held by only 1% of the population.

Research shows how the modest and progressive taxation of this richest part of the population could generate startling amounts of tax revenue - in excess of 4% of EU GDP annually - that could help make society fairer and more sustainable for everyone. Building on this evidence, the report advocates the introduction of an EU net wealth tax.

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Introduce an EU net wealth tax that ensures the wealthiest households in the EU contribute to the financing of policies that foster sustainability and well-being.

## Game-changer 9: A step change towards full gender equality

When the pandemic hit the EU, evidence of how women had to take the brunt of its impact - whether by keeping essential sectors, such as healthcare and retail, open, compensating for school closures, or suffering from hikes in intimate partner violence - was quick to emerge. This added to pre-existing inequalities, of which the gender pay gap of persistently high

14% is but the most striking example. It is time to finally make progress in terms of gender equality in Europe. Realising this, the report argues in favour of adopting a legally binding target to close the gender pay and pension gaps by 2030 and establishing a dedicated equality formation in the European Council to manifest political will and achieve concrete results.

2030

Establish a dedicated equality formation in the Council to mirror related structures in the European Parliament and Commission.

2030

Establish a legally binding commitment to closing the gender pay and pensions gap by 2030 through effective social security and labour market reform.

## Game-changer 10: A UN Convention on Corporate Responsibility

In conjunction with game changer 2, corresponding action is required at global level to legally frame multi-national corporate activity within the limits of sustainable development and well-being goals. Soft law and voluntary initiatives, which multiplied in the last couple of decades without generating significant

change. They now need to be overcome to address the crises' magnitude and the urgency humanity faces at a new level. The goal must be to combine the economic power of multinationals planetary well-being objectives, which is also in the ultimate interest of the corporate sector itself.

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A United Nations Convention on Corporate Responsibility.