

25 May 2023

## Give institutional investors and asset managers a role in responsible value chains in CSDDD through Article 8a

Dear Honorable Member of European Parliament,

The Dutch Federation of Pension Funds strongly supports the principle of corporate sustainability due diligence. On behalf of nearly all Dutch employees, our members invest not only with the aim of achieving a good income in retirement, but also in a world that is livable now and in the decades to come.

Dutch pension funds are committed to implementing the OECD Guidelines on Responsible Business Conduct. Since 2018, the majority of the Dutch pension sector has collaborated with the Dutch government, NGOs and trade unions to implement the OECD Guidelines. Dutch pension funds have embedded due diligence in their policies, contracts with asset managers and engagement policies<sup>i</sup>. The sector also cooperates on joint engagement to address adverse impacts in high-risk sectors, together with NGOs, trade unions and government. **We therefore support an ambitious CSDDD for the real economy that would help investors implement their own due diligence processes.**

**Moreover, we call on you to support the inclusion of institutional investors and asset managers in the CSDDD through article 8a, for the following reasons:**

- The CSDDD should be closely aligned with the OECD Guidelines, where investors are in scope, according to which they have a specific but important role to play. This is why the OECD issues specific guidance for institutional investors<sup>ii</sup>.
- Mandatory inclusion of the entire investment chain helps investors achieve their voluntary commitment. Pension funds rely on outsourcing partners such as asset managers and data providers. All actors in the investment chain should be either required or strongly incentivized to join forces in addressing human rights violations and environmental adverse impacts.
- The CSDDD should recognize that institutional investors do not engage with the investment value chain in the same manner as normal companies. Article 8a provides for the appropriate tools – shareholder engagement and voting – in a manner that is proportionate to the degree of influence. This is an important

improvement of the proposal of the European Commission and reflects the aforementioned OECD guidance for institutional investors.

- A European approach to sustainability due diligence requirements will avoid a patch-work of national rules.

We strongly believe that the financial sector can help achieve the CSDDD's aim of fostering sustainable and responsible corporate behavior. Therefore we urge you to vote in favor of the text adopted in the Legal Affairs Committee during the upcoming plenary vote on 1 June.

With kind regards,

Edith Maat

General director of the Federation of Dutch Pension Funds

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On behalf of 166 pension funds, the Dutch Federation of Pension Funds (Pensioenfederatie) promotes the pension interests of 6 million participants, 3.6 million pensioners and 9.4 deferred participants. About 85% of Dutch employees is participant of a pension fund which is associated with the Pensioenfederatie. The members of the Federation have around 1 400 billion euros of assets under management.

For more information, please contact Matthies Verstegen, Head of Brussels Office at [matthies.verstegen@pensioenfederatie.nl](mailto:matthies.verstegen@pensioenfederatie.nl)

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<sup>i</sup> For more information, see: <https://www.imvoconvenanten.nl/en/pension-funds>

<sup>ii</sup> <https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf>