

■ POSITION PAPER

DATE: 1 September 2022

SUBJECT: European Single Access Point

The Dutch Federation of Pension Funds urges the EU to swiftly set up the European Single Access Point. First and foremost, the data portal should provide access to sustainability data.

Dutch pension funds are very active in sustainable investment. The majority of Dutch pension funds have signed a sectoral agreement, together with other societal stakeholders, to implement sustainability due diligence under the OECD Guidelines in order to mitigate human rights abuses and environmental adverse impacts. Many pension funds have implemented carbon reduction plans in line with the Paris Climate Agreement.

We stress the need for reliable sustainability data about companies, in order to implement these responsible investment policies and to be able to meet the recently introduced reporting requirements for financial market participants. With the introduction of the Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation, more pension funds will have to report in detail on the principle adverse impacts (PAI) of their investment portfolio. A majority of Dutch pension funds have classified their pension scheme as promoting ESG characteristics (article 8). The EU Taxonomy brings much needed clarity in terms of definitions, but also requires comprehensive data on taxonomy-alignment by investee companies.

Sustainability data from investee companies, required for SFDR and Taxonomy reporting, is currently patchy. With a political compromise on the Corporate Sustainability Reporting Directive (CSRD), that should soon change. The CSRD will bring much-needed ambitious reporting standards and will provide pension funds with the necessary data on investee companies. Nevertheless, CSRD data will be lacking in the first years of SFDR and Taxonomy reporting. Thus, the ESAP should be ready to collect and distribute CSRD data as soon as possible after reporting starts.

The Dutch Federation of Pension Funds would therefore like to make the following remarks.

In the first phase of implementation, ESG-data should be prioritized

The Dutch Federation of Pension Funds suggests that the ESAP should at first narrow its scope to non-financial information on ESG-aspects of companies, in order to accommodate a short timeline. Most non-financial information is less

- readily available than financial information, which makes it harder to support sustainability considerations in investment decisions. Conversely, ESAP does not have much potential in increasing the accessibility of financial data, which is already widely available. In this light, the collection and distribution of CSRD data should be a priority in the ESAP, alongside data from the SFDR and Taxonomy Regulation.

Charge power users moderately

We expect significant benefits when all data that financial market participants subject to the SFDR have to obtain (related to the SFDR indicators) are in scope. This would reduce data costs. The accessibility of sustainability data is generally good, but there is a strong 'fixed costs character'. Data costs are largely unrelated to the size of the buyer. This means that the costs of ESG-data and SFDR reporting weighs much stronger on smaller pension funds.

With the advent of the ESAP, pension funds will likely continue to source their data through data aggregators, as aggregators will be able to give an adequate comparison of European and non-European information on a portfolio level. Such aggregators will become ESAP power users. We find it justifiable to charge ESAP power users a fee. But in order to attain affordable access to ESAP data - especially for smaller pension funds - fees should be moderate.

ESAP is a project of common European interest

The ESAP is a cornerstone to the European sustainable finance architecture. It will collect and distribute sustainability data from businesses throughout the European Union. We consider the ESAP as a project of common European interest. As such, it should be funded strictly via the EU budget.

We are concerned that the proposed budget might be too low, which could mean that ESAP functionalities will be limited and user needs are not met. We find it important that the project should not suffer delays due to budgetary constraints.

We call for an ambitious timeline for negotiations and implementation

We stress the need for swift political agreement on ESAP. An ambitious timeline for implementation should be set, to have a fully functioning first phase system ready at the earliest possible occasion, with due concern for quality. There should be no extension of timelines beyond those in the European Commission proposal.

