

Consultation paper on technical advice for the review of the IORP II Directive

Fields marked with * are mandatory.

Responding to the paper

EIOPA welcomes comments on the Consultation paper on technical advice for the review of the IORP II Directive.

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

The consultation paper includes specific questions on some review items. In the survey below, stakeholders can respond to those specific questions and provide any other comments on all parts of the paper.

Please send your comments to EIOPA using the EU Survey tool **by Thursday, 25 May 2023, 23:59 CET** by responding to the questions below.

Contributions not provided using the EU Survey tool or submitted after the deadline will not be processed and therefore considered as they were not submitted.

Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third party. Please, indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. EIOPA may also publish a summary of the survey input received on its website.

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Declaration by the contributor

By sending your contribution to EIOPA you consent to publication of all information in your contribution in whole/in part – as indicated in your responses, including to the publication of your name/the name of your organisation, and you thereby declare that nothing within your response is unlawful or would infringe the rights of any third party in a manner that would prevent the publication.

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[1] [Public Access to Documents](#)

Remarks on completing the survey

EU Survey supports the last two versions of Microsoft Edge and the latest version of Mozilla Firefox and Google Chrome. Using other browsers might cause compatibility issues.

After you start filling in responses to the survey there is the option to save your answers. However, please note that the use of the online saving functionality is at the user's own risk. As a result, it is strongly recommended to complete the online survey in one go (i.e. all at once).

Should you still proceed with saving your answers, the online tool will immediately generate and provide you with a new link from which you will be able to access your saved answers.

It is also recommended that you select the “Send this Link as Email” icon to send a copy of the weblink to your email - please take care of typing in your email address correctly. This procedure does not, however, guarantee that your answers will be successfully saved.

You will have the possibility to print a pdf version of the final responses to the survey after submitting it by clicking on "Download PDF". You will automatically receive an email with the pdf file. Do not forget to check your junk / spam mailbox.

About the respondent

* Please indicate the desired disclosure level of the responses you are submitting.

- Public
- Confidential
- Partly confidential

* Stakeholder name

Assoeuropea - Assoeuropea gathers the main representatives of Italian IORPs (Assofondipensione, Assoprevidenza and Mefop); the association represents 7 million active members and 153 billion Euros of assets under management.

* Contact person (name and surname)

Luigi Ballanti

* Contact person email

mefop@mefop.it

Contact person phone number

Questions to stakeholders

Executive summary

* Do you have any comments on the executive summary?

- Yes
 No

Chapter 1. Introduction

* Do you have any comments on the introduction?

- Yes
 No

Chapter 2. Governance and prudential standards

Q2.1: Does the IORP II Directive in your view achieve a proportionate application of prudential regulation and supervision to IORPs?

- Yes
 No

Please explain your answer.

No, it does not. Despite the current leeway in the directive to Member States, in many cases NCA (it has been the case of Italy) decided not to follow a proportionate application of prudential regulation and supervision of IORPs.

On a proportionality perspective, it is important to note that IORPs are in scope of horizontal regulations such as DORA and SFDR. In general, that legislative practice should be abandoned as it does not sufficiently acknowledge the social purpose of IORPs and their very diverging landscape across Europe. The IORP II directive could be a basis for better defining proportionality in relation to the application of various and increasing EU horizontal legislation applicable to IORPs. Currently there is no common definition for the application of proportionality and a simpler and more unified approach could be based on the IORP directive.

Q2.2: Should in your view the threshold for the small IORP exemption of 100 members be increased?

- Yes
- No

If yes, do you agree with the proposed new threshold (both 1000 members and beneficiaries and EUR 50 million in assets) under option 1 in sub-section 'Small IORP exemption' of section 2.3.5?

- Yes
- No

Please explain your answer and provide any alternatives.

The option 1 in sub-section "Small IORP exemption" could be a useful step forward compared to the current situation. However, the NCA would continue to decide if and how to use proportionality.

Q2.3: Do you agree with the draft advice to restrict the proportionality formulations throughout the IORP II Directive to 'proportionate to the nature, scale and complexity of the (risks inherent in the) activities of the IORP', i.e. removing the 'size' and 'internal organisation' criteria?

- Yes
- No

Please explain your answer.

Assoeuropea appreciates the inclusion of the risk as additional criteria to apply proportionality in the regulation and supervision of IORPs. On a long-term perspective, we back the idea that regulation and supervision should be increasingly based on risk. The size of IORPs could be a possible way to define the risk level so, in the end, the two criteria should not necessarily be alternatives.

The risk profile of IORPs depends on a wide set of features like, for instance (but not exhaustively) the organization of the plan and its size, the governance arrangements, the investment policy, the role of outsourcing, so in the end it is challenging identify common measures of risk. Assoeuropea deem that Member States have the right tools to identify and define these measures.

Q2.4: Do you support option 1 in sub-section 'Low-risk profile IORPs subject to proportionality measures' of section 2.3.5 of defining a category of low-risk profile IORPs in the IORP II Directive and allowing Member States to exempt such IORPs from certain minimum standards in the IORP II Directive?

- Yes
- No

Please explain why or why not.

Assoeuropea appreciates a proportionality approach much focused on the risk profile of the IORPs and the definition of the low-risk profile IORPs may be a step in that direction. Nevertheless, choosing option 1 is not optimum for the current situation in some Member States as the minimum standards which would be in scope of the possible exemptions and for a less onerous application of these standards would still have to be specified at national level.

Which minimum standards in the IORP II Directive should in your view be considered for the possible exemptions or should be applied in a less onerous way?

Q2.5: The analysis of options in sub-section 'Low-risk profile IORPs subject to proportionality measures' of section 2.3.5 proposes four conditions for IORPs to qualify as 'low-risk profile IORPs', in line with the conditions proposed by EIOPA for life insurers to qualify as 'low-risk profile insurance undertakings'. Do you have comments on the four proposed conditions or suggestions for other conditions?

- Yes
- No

If yes, please provide your comments or suggestions for conditions to define 'low-risk profile IORPs'.

Assoeuropea appreciates the effort to define objective and measurable conditions to identify Low-risk profile IORPs however further evaluations should be made to achieve a definition better suiting IORPs. In fact, conditions listed by Eiopa, derived from the Solvency framework, do not fit for IORPs, moreover, they refer also to size criteria (assets, cross border members), contradicting the advice that Eiopa would forward to the EU Commission to scrap from the IORP 2 directive the reference to size and internal organization to define proportionality.

The four conditions could be integrated (even replaced?) with risk-based criteria to better capture the differences across IORPs in Member States, shaping proportionality according to IORPs national characteristics. For instance, further, non-exhaustive, criteria to consider in assessing the category of low-risk profile IORPs could be the investment policy (internal asset management, external asset management, investments in insurance policies), or a national regulation on investments in place. NCAs seem better placed to assess the risk conditions to consider for labeling low-risk profile IORPs.

Q2.6: The analysis of option 2 and 3 in sub-section 'Low-risk profile IORPs subject to proportionality measures' of section 2.3.5 proposes proportionality measures relating to the IORP II governance standards that low-risk profile IORPs would be allowed to use. Do you have comments on the proposed proportionality measures or suggestions for other proportionality measures to be used by low-risk profile IORPs?

- Yes
- No

If yes, please provide your comments or suggestions for proportionality measures.

Assoeuropea opposes Option 3 as it aims to introduce even further requirements for IORPs. The option 2 would provide a safeguard in Member states that decided not to apply proportionality.

Q2.7: The IORP II Directive takes a minimum harmonisation approach, laying down minimum governance and prudential standards. If the concept of low-risk profile IORPs was to be introduced in the IORP II Directive, should institutions that are not low-risk profile IORPs be subjected to standards exceeding the current minimum, as proposed in the analysis of option 3 in sub-section 'Low-risk profile IORPs subject to proportionality measures' of section 2.3.5?

- Yes
- No

Please explain your answer.

Assoeuropea does not support the idea of requesting non-low-risk profile IORPs governance standards exceeding the current minimum requirements. Option 3 would contradict the aim of the Call for advice of the EU Commission, requesting Eiopa to verify whether the administrative burdens caused by the IORP 2 directive are justified in view of the benefits for members and beneficiaries as well as for the proper functioning of occupational pension systems and the stability of IORPs. Option 3 would end up with unduly burdensome requirements, considering that the reference would be on Solvency 2 and IORPs and insurance companies are not comparable in any respect. While assessing possible solutions to enhance proportionality for small IORPs, it should be avoided to propose further requirements for all the others.

Q2.8: Do you have any other suggestions to ensure a proportionate application of the requirements in the IORP II Directive?

- Yes
- No

Q2.9: Should in your view explicit requirements be introduced in the own-risk assessment (ORA) and the supervisory review process (SRP) on liquidity risk assessments for IORPs with material derivative exposures?

- Yes
- No

Please explain your answer.

While the assessment of liquidity risks and of risks stemming from derivatives are already part of the risk management of IORPs, it would be positive to introduce in the ORA and in the supervisory review process a liquidity risk assessment in the case of material exposure to derivatives. Assoeuropea supports the proposal to assess the materiality of such a risk at national level.

Q2.10: Do you agree that in some situations conflicts of interest between IORPs and service providers can give rise to specific risks which justify requirements on the management of conflicts of interest with the service provider connect to the IORP?

- Yes
- No

Please explain your answer with relevant supporting evidence.

The management of conflicts of interest is key for well functioning IORPs. In some Member States (Italy for instance) are already in place regulations aiming to avoid/manage conflicts of interests.

Q2.11: Do you agree that the conditions of operation for IORPs should be strengthened to ensure the proper functioning of the internal market and protect adequately the rights of EU members and beneficiaries from potential conflict of interest between IORPs and service providers?

- Yes
- No

Please explain your answer with relevant supporting evidence.

Please refer to the previous answer

Q2.12: What are your views on introducing an explicit provision in Article 50 empowering supervisors to collect quantitative information from IORPs on a regular basis? Please explain your answer.

The IORP 2 directive does not prevent Member states from introducing similar requirements. In Italy, for instance, there is a longstanding legislation empowering the national supervisor to collect quantitative information on a regular basis. Assoeuropea supports the introduction of an explicit provision in art. 50 empowering supervisors to collect quantitative information from IORPs on a regular basis.

Q2.13: Do you have suggestions to resolve the double reporting burden in some Member States, i.e. one template for the purpose of national supervision and one for the purpose of reporting to EIOPA?

- Yes
- No

If yes, please provide these suggestions.

Assoeuropea supports the advice to include all regular information requested by Eiopa necessary to carry out its duties in the national reporting. It should be up to the NCAs to collect the reporting from IORPs and then forwarding to Eiopa the data it needs to fulfil its tasks.

Q2.14: What are your views on reiterating in the draft advice EIOPA's opinion to the EU institutions on a common framework for risk assessment and transparency, considering that the draft advice does not advise any change to the IORP II Directive in this area?

Q2.15: Should the definition of sponsoring undertaking in Article 6(3) be expanded to include professional associations?

- Yes
- No

Please explain your answer.

Q2.16: Should the definition of regulated market in Article 6(14) be expanded to include equivalent markets in third countries?

- Yes
- No

Please explain your answer.

Q2.17: Should multilateral trading facilities (MTFs) and organised trading facilities (OTFs) be specified in Article 19(d) in order to ensure the same treatment as regulated markets?

- Yes
- No

Please explain your answer.

Q2.18: Should the requirement to have an ORA policy, including a specification of its main components, be introduced in the IORP II Directive?

- Yes
- No

Please explain your answer.

In general, the idea of having an ORA policy is positive to have a precise picture of the way in which it unfolds. When deemed relevant, Member states, also considering the Eiopa advice, already introduced similar requirements, considering the national specificities of IORPs. To avoid double reporting, Assoeuroea disagrees on the introduction in IORP 2 directive of the ORA policy, Member states are better placed to define it and how to disclose the ORA policy.

Q2.19: Should a provision be introduced in the ORA that the risk assessment should take into account the risk tolerance limits approved by the IORP's management or supervisory body?

- Yes
- No

Please explain your answer.

Do you have any other comments on the following sections in chapter 2:

	Yes	No
* Section 2.2: Implementation and effectiveness	<input type="radio"/>	<input checked="" type="radio"/>
* Section 2.3: Proportionality	<input type="radio"/>	<input checked="" type="radio"/>
* Section 2.4: Liquidity risk management	<input type="radio"/>	<input checked="" type="radio"/>
* Section 2.5: Conditions of operations and management of conflict of interest	<input type="radio"/>	<input checked="" type="radio"/>
* Section 2.6: Effective use of data	<input type="radio"/>	<input checked="" type="radio"/>
* Section 2.7: Standardised risk assessment	<input type="radio"/>	<input checked="" type="radio"/>
* Section 2.8: Miscellaneous	<input type="radio"/>	<input checked="" type="radio"/>

Chapter 3. Cross-border activities and transfers

Q3.1: Do you think the issue of potential regulatory arbitrage regarding the registration/authorisation process could be addressed based on the draft advice?

Q3.2: What are your views on the policy options presented to address the issue of defining majority of members and beneficiaries needed for approval of a cross-border transfer?

Q3.3: What are your views on the need and options to develop an internal market for cross-border IORPs?

Do you have any other comments on the following sections in chapter 3?

	Yes	No
* Section 3.2: Implementation and effectiveness	<input type="radio"/>	<input checked="" type="radio"/>
* Section 3.3 Relevant Legal provisions	<input type="radio"/>	<input checked="" type="radio"/>
* Section 3.4 Other Regulatory Background	<input type="radio"/>	<input checked="" type="radio"/>
* Section 3.5 Previous EIOPA Reports	<input type="radio"/>	<input checked="" type="radio"/>
* Section 3.6 Prudential Assessment Within Process of Registration or Authorisation	<input type="radio"/>	<input checked="" type="radio"/>
* Section 3.7 Cross-border Transfers	<input type="radio"/>	<input checked="" type="radio"/>
* Section 3.8 Notification Procedures	<input type="radio"/>	<input checked="" type="radio"/>
* Section 3.9 Supervisory Cooperation	<input type="radio"/>	<input checked="" type="radio"/>
* Section 3.10 Potential learning from other frameworks	<input type="radio"/>	<input checked="" type="radio"/>

Chapter 4. Information to members and beneficiaries and other business conduct requirements

Q4.1: Where a template for the pension benefit statement has been introduced already at Member State level, to what extent do you think this has led to improvements? Please explain your answer in terms of what has worked well and what has worked less well.

The Italian NCA has defined a standardized template for the PBS, it also considered the templates provided by Eiopa. Such a template applies to all supplementary pension schemes, not only to IORPs, to give members a clear and simple picture of the accrued contributions, of the costs and charges borne by members and of the expected income at retirement (given certain common assumptions) irrespective of the type of supplementary pension scheme chosen. The templates use images and graphs and avoids jargon. The policy works well, and no issues arose.

Digitalization could help to further simplify the PBS. Assoeuropea supports the idea of layering information.

Assoeuropea supports the Eiopa's advice to include in the IORP 2 directive some general principles on standardization, layering and behavior economy to improve the design the PBS, with leeway to NCAs to define the templates. Assoeuropea deem the advice fits the very diversified landscape of IORPs.

Q4.2: Do you agree to introduce summary information in the pension benefit statement relating to any sustainable investments? Please explain.

Assoeuropea disagrees. While we recognize the relevance for members to be adequately informed on the sustainability objectives and achievements of the IORP they chose, we deem it redundant to introduce reporting requirements on sustainability under the PBS based on SFDR.

SFDR mandates an extensive set of information on sustainability matters on pre contractual documents, periodic reporting, and web sites. For IORPs to comply with these requirements is proving to be difficult and expensive. Further reporting on SFDR in the PBS would be unduly burdensome, without adding any added value to members and beneficiaries as they can already rely on a huge set of sources of information on sustainability matters.

In general, SFDR is part of a legislative horizontal approach that does not take into account the differences between IORPs and the other financial institutions as well as the differences between IORPs across the EU. We deem such a legislative approach not adequate for IORPs.

Q4.3: What other improvements do you consider could be made to the pension benefit statement? Please explain your suggestions.

The introduction of these information would not be too problematic.

Q4.4 Overall, what are your views on the extent to which the current pension benefit statement has delivered on its objectives (e.g. clear and comprehensive as well as relevant and appropriate information)?

In Italy the use of a standardized PBS is successful, providing members with a clear and comprehensive set of information on their accumulation.

As already stated in the answer to Q4.1 Assoeuropea is fully supportive of the EIOPA's view to improve the PBS.

Q4.5: Are there other aspects that you think EIOPA should consider in order to facilitate or leverage digitalisation? If yes, please explain these other aspects.

Given the pace of digital innovations, a more flexible approach, leaving IORPs to determine how members can access the documents (through web site, email, letter) would be preferable. Assoeuropea does not support the idea to mandate IORPs to survey on how members and beneficiaries would like to receive the PBS.

We disagree on a quarterly or semi-annual provision of the PBS, even at request. We deem the right timing to access the document is the yearly frequency. A quarterly or semi-annual provision of the PBS would risk

fueling short-termism by members, especially in Member States where they are allowed to change investment options; it would be particularly detrimental during financial turmoil. Moreover, from a proportionality perspective the quarterly or semi-annual provision of the PBS would be an unduly burdensome requirement.

As regards the design of the choice architecture when members are allowed to select the investment option, Assoeuropea shares the general principle that choice must be structured in a way that adequately guides members and beneficiaries. We note that in Member states where the choice architecture is material (Italy for instance) are already in place mechanisms to assist the members and beneficiaries in that phase. We deem that Member states are better placed to assess if and how to design the choice architecture.

Assoeuropea supports the idea of synergies between the PBS and other digital tools (for instance a PTS in Members states where they operate), however we deem that the technical advice for the review of the IORP 2 directive is not the right place to address the issue. A PTS must take into account also entitlements under the state pensions but neither state pensions are in scope of IORP 2 directive nor Eiopa has the legal mandate to advise on state pensions.

Q4.6: Would there be challenges to implement the proposed additional requirements regarding cost transparency? Please explain.

Q4.7: What are your views on the proposed options regarding projections? Are there additional costs or benefits that have not been identified? Please explain.

In Italy projections are already part of the PBS, the NCA defined a methodology for the estimates applying to all supplementary pension schemes, not only IORPs.
We acknowledge that current methodology could be improved and some requirements like the use of scenario analysis and real terms analysis could be interesting.

Q4.8: Would you see benefit in further developing other elements regarding projections either in the Directive or using another tool in order to establish a more common basis or provide more guidance at EU level?

As IORP 2 directive is a minimum harmonization legislation, when addressing further developments regarding projections, it is important to provide Member states with leeway to adjust these requirements at national level, especially on the consistency of projections for risk management purposes and under the PBS.

Q4.9: Do you think it is relevant to introduce requirements to ensure the appropriate structuring and implementation of the pension scheme by the IORP? Please explain.

In general, Assoeuropea does not object to the idea that the IORP matches the members and beneficiaries needs and risk profiles. However, the suggestion, borrowed by MIFID, IDD and PEPP, does not sufficiently consider the role of social partners in designing safe and worthy pension schemes.

We note that some NCAs (Italy for instance), due to the materiality of the issue at national level, already require IORPs to design the scheme (and its investment options) taking into account members' needs at retirement and risk profiles.

Given the heterogeneity of IORPs across the EU Assoeuropea does not see the merit of a general provision in the IORP 2 directive on POG. Member states are better placed to evaluate if and how to address the issue.

Q4.10: What types of choices made by the IORP do you think should be captured by the potential requirements on the appropriate structuring and implementation of the pension scheme? Please explain.

Q4.11: Do you think there are other elements that should be addressed by requirements on the appropriate structuring and implementation of the pension scheme besides those set out under option 1 in section 4.6.1? If yes, please explain these other elements.

Q4.12: Do you agree that it would be beneficial to introduce a duty of care on IORPs towards their member and beneficiaries? Please explain and, if yes, what types of responsibilities and expectations should, in your view, be placed on IORPs in this regard?

In general, Assoeuropea does not object to the principle of the duty of care of IORPs; we do not see merit to focus more on schemes where members bear the risks as per se the DB nature of IORPs does not assure the safety of the members. The duty of care principle should be also considered in the wide context of the role of social partners in designing the schemes.

Assoeuropea is also concerned by the use of the following wording in the formulation of the question: "types of responsibilities or expectations be placed on IORPs in this regard" as in a DC environment where members and beneficiaries bear the risks, it is inappropriate to refer to responsibilities to be placed on IORPs for member' choices.

We deem that the current information set (precontractual information, PBS, periodic reporting, information during the pre-retirement phase and during the payout phase, other communication tools at national level) is adequate and sufficient for members and beneficiaries to properly assess the choices or options provided by the IORP and no other requirements should be introduced in the directive.

As regards the proper assessment by members of the options provided by the IORPs, Assoeuropea shares the general principle that choice has to be structured in a way that adequately guides members and beneficiaries. Member states where the choice architecture is material are already in place mechanisms to assist the members and beneficiaries in that phase.

We are of the opinion that Member states are better placed to assess if and how to define a duty of care requirement, it should not be introduced in the IORP 2 directive.

Q4.13: What are your views on how the requirements for a duty of care should be framed?

Do you have any other comments on the following sections of Chapter 4?

	Yes	No
* Section 4.2.1 General evaluation of the functioning of the PBS	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.2.2 Previous EIOPA reports	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.2.3 Relevant legal provisions	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.2.4 Structure and format of the PBS	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.2.5 Information in the PBS on sustainability factors	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.2.6 Other considerations regarding the contents of the PBS	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.3 Digitalisation	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.4 Transparency on costs and charges	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.5 Projections (Information on potential retirement benefits)	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.6.1 Appropriate structuring and implementation of the scheme	<input type="radio"/>	<input checked="" type="radio"/>
* Section 4.6.2 Duty of care	<input type="radio"/>	<input checked="" type="radio"/>

Chapter 5. Shift from Defined Benefit to Defined Contributions

Q5.1: What are your views on the options for long-term risk assessments?

IORPs should always adopt tools to assess that their investment policies fit the needs at retirement of their members, irrespective of their nature (BD or DC). Assoeuropea acknowledges that this issue may be more material for DC IORPs, as members bear the risks. IORPs 2 directive already requests schemes to carry out an assessment from the perspective of members and beneficiaries in the risk management and in the ORA to foster their protection. There are already experiences on that at national level.

Against this background, Assoeuropea would not look negatively requesting IORPs to further improve long-term risk assessment from the perspective of members and beneficiaries, however, we do not support the definition of common principles and standards for such a risk assessment. NCAs or, even better the IORPs themselves (risk management and ORA are by definition IORPs-specific tasks), are better placed to define the methodology and the underlying principles to use for the exercise.

It may be worthwhile to note that risk management and ORA may be carried out in different ways, and with different methodologies, the long-term risk assessment should be one of these techniques; proportionality

should be granted to IORPs to better adapt their risk management and ORA with the long term risk assessment.

Q5.2: What do stakeholders think about the relevance of long-term risk assessments in the case of IORPs where members can select their investments?

Please refer to the answer to Q5.1

Q5.3: What are, in your view, the advantages or disadvantages of DC IORPs reporting on an annual basis information on all costs and charges to its members and beneficiaries?

Assoeuropea supports the principle that all IORPs, not only DC IORPs, report to their NCA on an annual basis information on costs and charges.
Where a NCA already mandates IORPs to report on costs and charges, Member states should continue to use the national reporting template to minimize costs for IORPs.

Q5.4: What are, in your view, the advantages or disadvantages of NCAs providing a high-level overview of their risk assessment framework, to be included as part of the requirements in Article 51(2), as public information available to their supervised IORPs?

Do you have any other comments on the following sections of chapter 5?

	Yes	No
* Section 5.2: Europe and European Pensions Markets are shifting	<input type="radio"/>	<input checked="" type="radio"/>
* Section 5.3: Background information on Defined Contributions	<input type="radio"/>	<input checked="" type="radio"/>
* Section 5.4: Previous EIOPA Reports	<input type="radio"/>	<input checked="" type="radio"/>
* Section 5.5: Policy options to address the shift to DC	<input type="radio"/>	<input checked="" type="radio"/>
* Section 5.5.1: Long-term risk assessment	<input type="radio"/>	<input checked="" type="radio"/>
* Section 5.5.2: Supervisory reporting on costs and charges	<input type="radio"/>	<input checked="" type="radio"/>
* Section 5.5.3: Complaints procedure and Alternative Dispute Resolution (ADR)	<input type="radio"/>	<input checked="" type="radio"/>
* Section 5.5.4: Article 51.2 - Increased transparency of National Competent Authorities – Risk assessment framework	<input type="radio"/>	<input checked="" type="radio"/>

* Section 5.5.5: Financial education	<input type="radio"/>	<input checked="" type="radio"/>
* Section 5.5.6: Member and/or beneficiary involvement in IORPs governance	<input type="radio"/>	<input checked="" type="radio"/>
* Section 5.5.7: Fit and proper requirements	<input type="radio"/>	<input checked="" type="radio"/>

Chapter 6. Sustainability

Q6.1: What are your views on the consideration of sustainability risks in the recommended requirements, in particular, on how they should be applied in a proportionate manner?

IORPs are among the most prominent holders of sustainable investments due to the long term of their liabilities. We deem it more appropriate for IORPs to maintain the current legislative framework, that gives IORPs the opportunity to consider sustainability risks (and sustainability factors as well). So far the voluntary approach did not prevent IORPs to invest sustainably. The introduction of general legal constraints on sustainable investments in art. 19(1) would not be in line with the proportionality principle. Moreover, consistency should be assured between IORP 2 directive and SFDR. EIOPA should carefully evaluate the potential effects of any changes to the IORP 2 Directive regarding ESGs in the SFDR. Assoeuropea would be opposed to a scenario in which the IORP 2 amendments would force IORPs to automatically fall under Article 8 SFDR or end the choice for IORPs to opt out under Article 4. Under article 8 SFDR, the ESAs have included in the definition of 'promotion' situations where a financial product complies with certain environmental, social or sustainability requirements or restrictions laid down by law' ... 'and these characteristics are "promoted" in the investment policy'. This promotion could appear in almost any type of document created by the IORP as information, reporting, general impressions, or targets. And under IORP 2, some of these disclosures are needed. Additionally, IORPs cannot choose not to report PAIs "where they consider principal adverse impacts." It could be argued that the proposal on double materiality requires IORPs to take (principal) adverse impacts into account. For PAI reporting, it is necessary to hire sustainability data providers, and these expenses are disproportionately high. Therefore, EIOPA should think about how to prevent unintended spillover effects from one directive to another directive or other regulation. The ESAs have some control over this because they defined the word "promote" in a Q&A while the term is left undefined in the SFDR.

Regarding the changes advised by EIOPA, Assoeuropea noted that the proposed changes in art. 19(1) and 28(2) are contradicting. Art. 5 SFDR already mandates IORPs to explain how the remuneration policy is consistent with the integration of sustainability risks, therefore it is not necessary to add more on that topic in the IORP 2 directive, also to avoid regulatory overlapping and reporting. We deem positive the alignment of definitions with different pieces of regulation, especially with the SFDR, a framework already familiar for IORPs. This would be the case for the definition of sustainability risk.

Q6.2: What are your views on the interaction between sustainability preferences of members and beneficiaries, and the requirement for IORPs to take into consideration the sustainability factors in investment decision-making (current Article 19(1)(b))?

Assoeuropea does not support the advice to introduce a general requirement for IORPs to reflect in the investment decisions the sustainability preferences of members and beneficiaries. In IORPs, members and beneficiaries or their representatives are often involved in the governance structure and the set-up of the investment policy. This means that the IORPs already have structures in place that allow the incorporation of the sustainability preferences of members into the decision-making process of the investments. Furthermore, the current legislative framework does not prevent IORPs from gauging sustainability preferences of their members/beneficiaries and to date there are experiences on this practice.

A legal constraint on the interaction between sustainability preferences and investment decision processes would not be proportionate. Moreover, the interpretation of the results would be extremely challenging, as Eiopa itself frankly recognized in the consultation paper.

In the consultation paper Eiopa seems to limit the survey of sustainability preferences to the cases where prospective members and members can make individual investments decisions. However, Eiopa should clearly recognize that it would not be the case for collective DC schemes with paritarian governance arrangements and where members are allowed to make investment decisions. In fact, whilst members can select the investment option, the ESG decisions for the various investment options are up to the boards of the IORPs, where both employees and employers are represented. Moreover, the investment decision is not in any respect related to a sale process or advice provided to members by the IORPs.

In the case of IORPs with multiple investment options, some of which are characterized by sustainability features, the investment decision in favor of a sustainability investment option should be considered as the sustainability preference of the member.

Assoeuropea agrees with EIOPA that sustainability preferences of members and beneficiaries should not be interpreted as instructions for the set up of the investment policies but only as one of the inputs, consistently with the other investment principles included in the prudent person rule, and considering that the main objective of the IORPs is to provide members and beneficiaries with a pension adequate to the needs at retirement.

Q6.3: What are your views on how sustainability considerations should interact with other investment objectives of the prudent person rule (Article 19(1)(a)(c))?

Assoeuropea supports a voluntary approach on sustainability considerations into investment policy. We agree with EIOPA that sustainability preferences of members and beneficiaries should not be interpreted as instructions for the set up of the investment policies but only as one of the input, consistently with the other investment principles included in the prudent person rule, and considering that the main objective of the IORPs is to provide members and beneficiaries with a pension adequate to the needs at retirement.

Q6.4: What are your views on the consideration of stewardship to address sustainability risks, in particular, on how it should be applied in a proportionate manner?

While we recognize the importance for IORPs to engage with investee companies (consistently with their investment policies and with the characteristics of the IORPs themselves) to achieve their sustainability goals, we would ask Eiopa to refrain from advising on the introduction of the stewardship approach on IORP 2 directive.

Stewardship is regulated by SRD 2, IORPs fall under the scope of the directive. The directive provides institutions with a right level of proportionality. Disclosure on stewardship is envisaged under the SRD 2 and the SFDR as well; additionally further disclosure requirements on stewardship are envisaged at national level.

We deem it important to avoid any possible regulatory overlap.

Do you have any other comments on the following sections of chapter 6?

	Yes	No
* Section 6.2: Relevant provisions in IORP II Directive and other regulations	<input type="radio"/>	<input checked="" type="radio"/>
* Section 6.3: Previous EIOPA reports	<input type="radio"/>	<input checked="" type="radio"/>

* Section 6.4: Other regulatory background	<input type="radio"/>	<input checked="" type="radio"/>
* Section 6.5: The integration of sustainability factors in investment decisions	<input type="radio"/>	<input checked="" type="radio"/>
* Section 6.6: The fiduciary duties	<input type="radio"/>	<input checked="" type="radio"/>
* Section 6.7: Stewardship	<input type="radio"/>	<input checked="" type="radio"/>
* Section 6.8: Broader societal goals	<input type="radio"/>	<input checked="" type="radio"/>

Chapter 7. Diversity and Inclusion (D&I)

Q7.1: What are your views on the recommended requirements on D&I in management bodies, in particular on how they should be applied in a proportionate manner?

Assoeuropea acknowledges the prominent role of D&I principles in the management bodies of IORPs and the efforts already made by IORPs in the matter. In Italy for instance IORPs already comply with some D&I requirements in the governance.

Against this background we deem that further steps on D&I requirements would be challenging for IORPs to cope with since they cannot be assimilated to other financial institutions. In Italy IORPs are established through collective bargaining by social partners and the appointment of their administrative and management bodies is under the remit of the social partners and not of the IORPs.

Furthermore, administrative and management bodies should be selected and appointed primarily taking into account the fit and proper requirements of the candidates.

Q7.2: What are your views on a definition of diversity and inclusion at the European level? Which definition would you suggest? In particular, which diversity criteria should it include?

Q7.3: What are your views on the public disclosure in the annual report of the representation target for the underrepresented gender in the management or supervisory body and the policy on how to increase the number of the underrepresented gender in the management body and its implementation?

We do not deem it relevant while adding extra costs and reporting.

Do you have any other comments on the following sections of chapter 7?

	Yes	No
* Section 7.2: Relevant legal provisions	<input type="radio"/>	<input checked="" type="radio"/>
Section 7.3: Previous EIOPA reports	<input type="radio"/>	<input checked="" type="radio"/>

* Section 7.4: Some national practices	<input type="radio"/>	<input checked="" type="radio"/>
* Section 7.5: D&I in management bodies	<input type="radio"/>	<input checked="" type="radio"/>
* Section 7.6: Reporting on D&I	<input type="radio"/>	<input checked="" type="radio"/>

Annexes

* Do you have any comments on the annexes?

- Yes
 No

Any other comments

* Do you have any other comments on the consultation paper?

- Yes
 No

Contact

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