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1 Global identifier for financial entities welcome

In our [input](#) to the EIOPA [consultation](#) on the proposal for revised Guidelines on the use of Legal Entity Identifier (LEI), we welcomed a global identifier for financial entities. It is important that financial entities can be unequivocally identified, and the LEI – an identification code proposed by the Financial Stability Board (FSB) and endorsed by the G20 – would be good for that purpose. The LEI is nowadays widely used within the financial industry especially in the EU, not only for pure identification of legal entities at both single and group levels (so called ‘level 1 – Who is who’ and ‘level 2 – Who owns whom’) but also for data quality purposes, linking different types of data sets, etc.

We are pleased that EIOPA had also well considered proportionality in its draft guidelines. So, in general, we welcome the EIOPA proposal also in that respect, meaning that IORPs having a balance sheet total of less than one thousand million euros may be excluded from the obligation to have the LEI.

2 PensionsEurope comments on the EC Green Paper on Ageing

On 21 April 2021, PensionsEurope submitted a response to the [Commission’s Green Paper on Ageing, demographic change in Europe](#).

PensionsEurope welcomes the Green Paper on Ageing and believes this paper is a good starting point to launch a debate on the main impacts of the demographic transformations in Europe.

In our answers, we underlined that one of the main needs people have is to enjoy an adequate standard of living in retirement, which implies having good pensions. We think more needs to be done at the EU and national levels and with the involvement of the social partners and all interested stakeholders to ensure that all people will enjoy adequate living standards in old age.

PensionsEurope believes the Green Paper should reflect more on the role that workplace pensions can play to (a) provide people with additional retirement income, (b) keep pension systems sustainable in the long term, and (c) contribute to economic growth in Europe. The Green Paper, the debate that will follow, and the measures that eventually will be considered by the European Commission should include policies and initiatives aimed at facilitating and encouraging participation in workplace pension schemes. Workplace pensions are essential for the adequacy and sustainability of our pension systems. PensionsEurope and its members are strong supporters of multi-pillar pension systems able to provide adequate and sustainable pensions to people in Europe.

You can read our contribution [here](#).

3 ESAs joint consultation paper on taxonomy-related sustainability disclosures RTS

On 17 May 2021, PensionsEurope submitted a response to the [ESAs joint consultation paper on taxonomy-related sustainability disclosures RTS](#). We applaud the effort of the ESAs to clarify the Level 1 provisions of both the SFDR and the Taxonomy Regulation through the letter of 7 January to the European Commission and the webinar of 29 April. PensionsEurope reiterates the concern that

disclosure towards members/beneficiaries of IORPs (and, more broadly, towards any consumer purchasing a financial product) should be simple and focused on the main features of the product (included ESG factors). Nevertheless, the templates provided to the EU Commission by EIOPA, EBA and ESMA on 4 February 2021 are complex and too long. They are not easy to understand by members and in the end, there is the risk that those to whom such information is directed will not be interested in reading.

The SFDR does not take into account to a large degree a proportionality principle for different financial entities. Based on that, changes to the RTS following this consultation phase should be as limited as possible and should not further increase their complexity.

PensionsEurope members are also expressing concerns related to the timetable of the RTS and to the availability of the data to complete the RTS. While the approach followed by EIOPA, EBA and ESMA to amend the soon to be finalised RTS to minimize duplication and complexity is positive, it will cause big pressure on IORPs to comply from 1 January 2022. If a postponement of the entry into force and application of the RTS is not possible, PensionsEurope advocates that a flexible and more principle-based approach on a best-effort basis in the early stage should be adopted.

Moreover, we feel that the combined information requirements of the SFDR and TR will lead to an overflow of information for pension funds participants and retail clients. Therefore, we recommend a balanced approach to information requirements to find a compromise between the information needs of different users. As such, we recommend:

- Removing Article 16a (1) a (ii) from Commission Delegated Regulation (EU) 2021: we would caution against these ‘negative’ explanations because they require an understanding of the difference between ‘promotion’ and ‘sustainable investments’.
- Removing or reducing (or putting at the bottom) of the entire sector the following elements: the classification of the financial product as being Article 8/9 SFDR, making sustainable investments according to Art. 2(17) SFDR, and doing the same in environmental objectives that may or may not fall within the Taxonomy. This type of information is meaningless for pension fund participants, or more generally retail clients.

4 European Commission’s consultation on the review of the European Supervisory Authorities and the creation of a Single Rulebook

On 8 June 2021, PensionsEurope submitted a response to the European Commission’s consultation on the review of the European Supervisory Authorities and the creation of a Single Rulebook. In [our input](#) to the European Commission, PensionsEurope supports a balanced approach to the convergence of capital market supervision. PensionsEurope believes that a vibrant Capital Markets Union, which provides European pension funds with long-term investment opportunities to achieve good returns for members and beneficiaries, requires robust supervision of market participants. Occupational pensions are still very divergent across member states, both in terms of their prevalence and design. They are closely linked to first pillar pensions, as well as social and labour law more broadly. Importantly, the strong link between occupational pensions and national tax and labour law has resulted so far in relatively limited cross-border activities of IORPs. For these reasons, the rationale for a bigger regulatory or supervisory role for EIOPA on IORPs is absent. Nonetheless, we

have seen a clear impact of EIOPA on the regulatory framework. Both EIOPA's own Opinions and its work on Level 2 in the area of insurance have a significant impact on the supervisory activities of National competent Committees across Europe. Finally, since its inception, the mandate of ESMA has been expanded significantly, particularly in areas with strong financial stability or cross-border aspects. Pension Funds have supported the strengthening of this mandate. However, PensionsEurope believes that ESMA faces challenges due to the EU framework's persistent poor design.

5 How should IORPs be stress tested?

Over the past years, we have had a good and constructive dialogue with EIOPA on their stress testing methodology for IORPs. Heading to the 2022 IORP stress test exercise, that dialogue is currently continuing in the form of exchanging views and providing input to the [EIOPA Discussion Paper on the Methodological Framework for Stress-Testing IORPs](#) (the consultation closes on 22 September).

Including the 2019 IORP stress test, EIOPA has organised three IORP stress tests. The objective of the EIOPA paper is to provide a comprehensive overview of the viable approaches and tools to define the main and discretionary elements of a bottom-up stress test exercise from a methodological and theoretical perspective. In general, we welcome the paper, as it takes many concerns and suggestions into account, and we are willing and happy to provide our expertise to EIOPA to further improve its stress testing methodology. This is, from the perspectives of both IORPs and EIOPA, by contributing to financial stability and for IORPs themselves by ensuring that the stress tests are carried out as efficiently as possible (and so, minimising costs).

6 EIOPA's consultations on IORPs

Following the strategic priority of promoting supervisory convergence in Institutions for Occupational Retirement Provision (IORPs), EIOPA is currently running two consultations concerning IORPs:

1. A [draft opinion on the supervisory reporting of costs and charges of IORPs](#)
This opinion sets out EIOPA's expectations on the supervisory reporting of costs and charges of IORPs. It provides a generic classification of all costs to be reported to national supervisors, including templates, both for supervisors to collect cost information from IORPs and to assist IORPs to collect cost information from asset managers. The draft opinion also includes principles for the compilation of the cost information, and guidance on the supervisory use of the cost data.
2. A [draft opinion on the supervision of risk assessment by IORPs providing DC schemes](#).
This draft opinion provides guidance on the supervision of long-term risk assessment by DC IORPs, applying a risk-based and proportionate approach. It focuses on two aspects of DC risk management:
 - Firstly, the use of quantitative elements in operational risk management,

- Secondly, the use of projections of future retirement income in assessing long-term risks from the perspective of members and beneficiaries, also in interaction with the establishment of their risk tolerance and the design of investment strategies.

Both consultations are open until 22 July 2021. PensionsEurope aims to answer them.

7 EFRAG's public consultation on due process procedures on EU sustainability reporting standard-setting

On 16 June, EFRAG has launched a public consultation paper, 'EFRAG Due Process Procedures on EU Sustainability Reporting Standard-Setting' and the consultation closes on 15 September 2021.

The European Commission's proposal for a Corporate Sustainability Reporting Directive (CSRD) envisages the adoption of EU sustainability reporting standards (ESRS). In this context, EFRAG is requested to provide Technical Advice to the European Commission in the form of fully prepared draft standards and/or draft amendments to Sustainability Reporting Standards. The proposal for a CSRD requires that EFRAG's Technical Advice is prepared with 'proper due process, public oversight and transparency, and with the expertise of relevant stakeholders, and it is accompanied by cost-benefit analyses that include analyses of the impacts of the Technical Advice on sustainability matters', contributing to the delegated acts through which the ESRS will be adopted in the EU.

The consultation paper provides the requirements the EFRAG plans to follow in its role as technical advisor to the European Commission. EFRAG invites comments on all aspects of the proposed Due Process Procedures. PensionsEurope is intending to answer the consultation based on the condition that feedback will be received from the relevant WGs already informed (LTSI and Accounting).

8 European Commission publishes consultation for adoption concerning the Corporate Sustainability Reporting Directive (New NFRD)

The European Commission opened for feedback the recently adopted Proposal for a Directive amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting (non-financial reporting by large companies (updated rules).

Deadline is 14 July 2021. The Secretariat has already circulated the first draft to the relevant WGs (LTSI and Accounting) for extra comments.

The EC proposes a transposition of the CSRD into national law by member states by 1 December 2022, so that the amendments would be applicable for the first time for fiscal years beginning on or after 1 January 2023.

All feedback received will be summarised by the European Commission and presented to the European Parliament and Council with the aim of feeding into the legislative debate.

9 IFRS publishes consultation for Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board

The Trustees of the IFRS Foundation have published an Exposure draft (ED) to propose amendments to the IFRS Foundation Constitution that would enable the creation of a new sustainability standards board under the governance of the Foundation.

The Trustees are proposing amendments that are a prerequisite for creating a potential International Sustainability Standards Board (ISSB) within the governance structure of the IFRS Foundation. The IFRS consultation closes on 29 of July. The Secretariat has already circulated the first draft to the relevant WGs (LTSI and Accounting) for extra comments.

10 1-year extension of pension schemes' exemption from clearing obligation

We welcome that the European Commission [delegated regulation](#) (of 6 May 2021) extended pension scheme arrangements' (PSAs) exemption from clearing obligation until 18 June 2022. It is still possible to further extend the exemption by maximum 1 year through a Commission delegated act, while the aim of the Regulation remains central clearing for PSAs. In [our recent feedback](#) to the EC, we stressed that another extension of a year might still be needed, as implementation of market-based solutions and preparation for the clearing market for the end of the PSAs' clearing exemption will take time.

As an integral part of their investment approach, many PSAs use OTC derivatives to manage their financial solvency risk as their liabilities are often long-dated, one-directional and linked to interest rates. The current bank capital rules have led to a dramatic reduction in the number of banks willing to provide liquidity to PSAs on non-cleared derivatives where PSAs post high-quality government bonds as margin. Due to this development, in combination with the fact that the clearing exemption will expire in 2023 at the latest, PSAs have started to prepare for clearing.

The ESMA report of December 2020 finds that significant volumes of trades are being cleared (for example 32% of Dutch pension funds and 42% of Danish pension funds). Nevertheless, most trades are not cleared centrally because the negative consequences of cash variation margin remain. Therefore, it remains of the utmost importance that a long-term robust solution is found for the cash variation margin issue.

11 European Commission publishes reports on pensions

Between May and June 2021, the European Commission published two important reports on pensions: the Ageing Report and the Pension Adequacy Report.

The [2021 Ageing Report](#) gives a detailed overview of the economic and budgetary projections for the EU Member States (MSs). These long-term projections show where (in which countries), when, and to what extent ageing pressures will accelerate. Hence, the projections are helpful in highlighting the

immediate and future policy challenges for governments posed by demographic trends, including pensions. The report provides a very rich set of information at the individual country level and covers a long-time span (up to 2070).

The Ageing Report is published every three years by the Ageing Working Group of the Economic Policy Committee (EPC) and the European Commission's Directorate-General for Economic and Financial Affairs (DG ECFIN) based on a mandate by the Council.

The report complements the [Pension Adequacy Report \(PAR\)](#). The 2021 PAR is the fourth edition of the report, prepared by the Social Protection Committee (SPC) and the European Commission every 3 years. The report aims to present a comparative analysis of the degree to which pension systems in the EU Member States enable older people to retire with an adequate income today and in the future, reflecting pension reforms, as well as underlying changes and current or future challenges in our societies. The report consists of two volumes:

- Volume I is devoted to a comparative analysis of pension adequacy in the EU
- Volume II (country profiles) provides a detailed discussion of developments in each of the 27 Member States.

In a broader context, the PAR and the Ageing Report aim to assess the adequacy of pensions and the financial sustainability of pension systems respectively, thus complementing one another.

12 Publication of the new Renewed Sustainable Finance Strategy

PensionsEurope welcomes the [EC Communication](#) which aims to take next steps in the EU Sustainable Finance Strategy. Private finance has an important role to play in the recovery from the COVID pandemic and in the transition to a sustainable economy.

The new strategy is calling for the publication of a report for activities which sounds like a “brown taxonomy”. PensionsEurope believes that while a brown taxonomy would provide further indications concerning environmental risks, its development might produce negative consequences, especially if not complemented by consistent indicators promoting the greening of enterprises.

Pension Funds also worry on how double materiality may be regulated. The IORP II Directive already requires IORPs to consider ESG risks and disclose information to current and prospective scheme members. PensionsEurope believes that the IORP II Directive clarifies that the measures should be proportionate to the nature, scale and complexity of the IORP. Any EU action must be in accordance with the principle of proportionality, and it would also be preferable for any action to take first into consideration the upcoming revision of the IORP II Directive. You can read our press release [here](#).

13 PensionsEurope and 8 other European associations launch European Retirement Week



A group of nine European associations¹ has announced the launch of European Retirement Week, which will take place during the week of 29 November 2021. The goal of this initiative is to provide a platform for a wide range of stakeholders to debate the future of pensions in Europe and to raise citizens' awareness of the need to save for retirement.

This year, European Retirement Week will be organised online. It will begin with a high-level event and will feature a rich programme, including a range of presentations and panel discussions spotlighting different aspects of Europe's retirement saving challenge and possible solutions.

PensionsEurope will organize its own side event during the European Retirement Week in the morning of Wednesday 1 December 2021.

14 PensionsEurope annual conference 2021 – Adequate and Sustainable Pensions

On 8 and 9 June 2021 PensionsEurope organised its annual conference Adequate and Sustainable Pensions. More than 200 participants joined us to debate the main trends and challenges influencing the adequacy and sustainability of pensions.

With Dubravka Šuica, European Commission Vice-President for Democracy and Demography speaking about demographic challenges, MEP Sirpa Pietikäinen providing insights on the EU Sustainable Finance Actions and Fausto Parente, Executive Director at EIOPA, discussing the changing EU landscape in pensions, we had some of the most influential policymakers on pensions participating in our conference.

We also showcased our news-style programme [Investing in the Future](#), which we developed together with ITN Productions Industry news, to raise awareness of the need to save for retirement.

Next to that, we learnt more on the future of work and pensions in the post Covid-19 era from our sponsor Zurich Insurance and had some thought-provoking panel sessions on impact investing, the low interest rate environment and good pension communication in a digital age. Upright provided us with a new approach on the impact of investments, as they look at not only the negative, but also the positive impacts investments have on the economy, environment, health of people, society and knowledge creation. Blackrock explored some of the key themes that emerged during COVID-19 and how they impact the investment landscape for pensions and Indefi analysed the growth drivers and the trends influencing DC schemes and their investments.

All the sessions were recorded and can still be seen [here](#) until 28 July 2021 by using the details you used when you registered, or after registering if you had not yet done so before.

¹ Participating associations include AGE Platform Europe, BETTER FINANCE, BEUC – The European Consumer Association, European Association of Paritarian Institutions (AEIP), the European Banking Federation (EBF), EFAMA, the Federation of European Securities Exchanges (FESE), Insurance Europe, and PensionsEurope.

15 PensionsEurope 40 years anniversary

2021 marks the 40th anniversary of PensionsEurope. Starting small in 1981, the European Federation for Retirement Provision (EFRP) – PensionsEurope since 2012 – has now become the leading voice on workplace pensions in Europe with 24 member organisations in 21 European countries.

PensionsEurope does not want to let this milestone go by unnoticed and is working to organise a celebration on 17 November 2021, in connection to the General Assembly Meeting of 18 November 2021. More information will be provided in due course.