PensionsEurope Newsletter 2025/08

1. EIOPA technical input to support the development of supplementary pensions in the context of the Savings and Investments Union

Background

On 8 September, EIOPA submitted its technical input requested by the European Commission to support the development of supplementary pensions in the context of its Savings and Investments Union strategy. Please see below the main points on the different issues.

For IORP II Directive:

EIOPA is focusing on 7 issues, and it proposes ways to address those:

a) Facilitating IORPs' access to alternative assets

EIOPA is proposing 2 approaches: either that the risk-based approach should be implemented in the IORP II Directive by specifying that the restrictions on the type of assets shall not be more restrictive than UCITs directive or clarifying the permission of IORPs to invest specifically in alternative asset classes.

b) Fostering growth of the IORP sector through scale

EIOPA is emphasizing the need for the introduction of Auto-enrolment. Moreover, EIOPA believes that outsourcing of investment management as well as fiduciary management could contribute to

assets pooling. Finally, EIOPA supports that NCAs should examine if scale leads to any cost reduction through the comparison of cost levels.

c) Encouraging growth of the IORP sector through better definitions

In this part, EIOPA supports that a clarification of the scope of the IORP II Directive and the definition of an IORP is necessary.

d) Strengthening supervision of the IORP sector

EIOPA supports introducing a clear framework for NCAs' powers, similar to the Solvency II Directive which would help establish a robust foundation for supervision.

e) Strengthening the protection for DC members and beneficiaries

EIOPA believes that the IORP II Directive should mandate the appointment of a depositary for pure DC schemes.

f) Improving information transparency in the decumulation phase

EIOPA proposes the introduction of a decumulation guide, new digital tools and resources, a pre-retirement benefit statement and a retirement income statement.

g) Simplifying cross-border procedures

Various measures are mentioned by EIOPA such as simplification of notification, uniform cross-border transfer rules, reconfiguration of the IORP II Directive's scope to foster a level playing and achieve scale and introduction of a 28th regime for occupational pensions.

For PEPP

a) Basic PEPP

Eiopa recommends introducing an EU label for Basic PEPPs, called EuroPension product to facilitate the uptake of PEPPs. New or existing personal pension products could be eligible for this label if they meet EU minimum requirements focused on (1) simplicity, (2) safety, (3) value-for-money (VfM) and (4) transparency and if providers offering those products are recognised under the PEPP regulation.

EIOPA considers that EuroPension products should have a built-in lifecycling investment approach with capital protection guarantees that could be offered at different stages of the lifecycle, especially if there is a specific need.

- In our answer to the EC consultation, we supported that having a built-in lifecycle investment strategy for the basic PEPP can be an appropriate solution if correctly implemented.

b) Workplace PEPP

EIOPA supports maintaining the PEPP as a personal pension product, allowing employer contributions into the PEPP as an employee benefit to complement Pillar II systems or supplement it when Pillar II systems are not available. The input highlight that it would not impact social and labour law systems.

- In our answer to the EC consultation, we indicated that in Member States with well-developed pension systems, combining occupational and personal pension, risks interfering with the operation of established or emerging schemes.

c) National compartments:

The national compartment requirement is to be removed according to EIOPA to smoothen operations for PEPP providers.

- In our answer to the EC consultation, we opposed removing this requirement, explaining that it would alter the concept of the proposal, from a European product to a more national one.

d) Distribution regime:

To make it simpler, EIOPA advocate for replacing the mandatory advice requirement of Europension products by a "simplified advice" regime.

- In our answer to the EC consultation, we supported enhancing the attractiveness of the PEPP by simplifying the obligations of providing personalized advice before subscribing to a PEPP.

e) Fee cap/Value for money:

The fee cap being a barrier for PEPP providers, EIOPA propose a set of alternatives to either (1) replace it by a full VfM approach, (2) complement it by a VfM approach or (3) improve the fee cap by some technical adjustments. Products satisfying those approaches would be consider as EuroPension products.

- In our answer to the EC consultation, we advocated for replacing the fee by full transparency on costs that can give consumers the right information to make a decision.

f) Supervision/registration of PEPPs:

EIOPA proposes a set of alternative options to improve and speed up the registration process of the PEPP and some possible measures to streamline the supervision of the PEPP.

- In our answer to the EC consultation, we argued for a status quo as the NCA of the provider has the expertise to properly assess any application for registration of a PEPP as well as supervise the provider.

g) 28th regime:

EIOPA proposes to create a 28th regime an EU-level harmonised legal framework for PEPPs, which would function in parallel with national rules, without superseding them. It would have huge implications on (1) subaccount requirements, (2) workplace PEPP, (3) investment strategy (4) supervision system, (5) workplace PEPP.

EIOPA see this option as a solution to ensure a streamlined workplace PEPP across borders with employers having only a single set of rules to follow. EIOPA proposes to establish an opt in system for MSs having strong second pillar systems to avoid disruption and an opt-out systems for the other MSs.

For Auto-enrolment and PTS:

EIOPA proposes to use occupational pensions in the scope of the IORP II Directive or PEPP offered in the workplace as auto-enrolment default options to improve pension coverage and scale.

Finally, EIOPA proposes horizontal disclosure to develop national pension tracking systems also linked with the European Pension Tracking System and introduce minimum disclosure requirements in the IORP II Directive and PEPP regulation that address information gaps in the decumulation phase.

Next steps and PensionsEurope advocacy

The EC is currently reviewing the consultation responses and EIOPA's input. The EC plans to release a relevant communication in mid-November (see last Commission agenda item), which will include the IORP and PEPP review proposals in the annex. On 7 October 2025, we met the head of the Unit Insurance & Pension.

2. EFRAG consultation on its revised ESRS drafts

Background

On 29 September 2025, PensionsEurope submitted its response to EFRAG's consultation on the revised and simplified European Sustainability Reporting Standards (ESRS). This consultation followed the European Commission's Omnibus initiative and request to EFRAG to streamline the ESRS adopted in 2023. The objective was to cut complexity, improve usability, and make reporting under the Corporate Sustainability Reporting Directive (CSRD) more workable while preserving alignment with the European Green Deal.

EFRAG's revised drafts introduced substantial simplifications, including a 57% reduction in mandatory datapoints and a 68% overall cut in disclosure requirements. Key changes concerned the double materiality assessment (DMA), value-chain reporting, the treatment of remediation actions, burden relief mechanisms, and improved interoperability with global standards such as the ISSB's IFRS S1 and S2.

PensionsEurope's response was developed with input from its members and reflects the specific perspective of European pension funds as both investors and users of sustainability data. Below are our key messages.

a) Double Materiality Assessment (DMA)

PensionsEurope welcomed clearer definitions of impacts, risks, and opportunities, and the flexibility to apply either a top-down or bottom-up approach. However, we warned that simplifying assessments in complex value chains could narrow disclosure scope and urged for more guidance to keep evaluations robust.

b) Readability and connectivity

We supported clearer, more user-friendly reporting to improve accessibility. We also backed efforts to cut duplication and fragmentation, which add complexity without boosting transparency.

c) Policies, Actions, and Targets (PAT)

PensionsEurope supported simplification but opposed removing the requirement to disclose whether companies plan to introduce a PAT for material topics. We emphasised that transparency and accountability are vital, particularly regarding negative impacts.

d) Burden relief mechanisms

We welcomed new "undue cost or effort" provisions in order to ease the reporting burden, but urged safeguards to prevent misuse, especially for value-chain metrics. We called for clear criteria on when estimates are acceptable and transparency about data gaps and improvement plans.

e) SFDR data points

PensionsEurope supported simplifying SFDR reporting but emphasised that all key Principal Adverse Impact (PAI) indicators must remain in place. In particular, we strongly opposed removing the gross GHG emissions intensity metric, which is essential for ensuring comparability and meeting regulatory requirements.

f) Interoperability with global standards

PensionsEurope welcomed closer alignment with IFRS S1 and S2, especially on GHG boundaries and materiality definitions. Still, it insisted the ESRS must preserve its distinctive *double materiality* focus to capture broader societal impacts relevant to pension funds.

Next steps
EFRAG will now review all stakeholder feedback and submit its final technical advice to the European Commission by 30 November 2025. For PensionsEurope, the priority remains ensuring that sustainability reporting is both feasible for companies and decision-useful for long-term investors such as pension funds.

3. EC launches financial literacy strategy

On 30 September 2025, the European Commission published its comprehensive EU financial literacy strategy, focused on empowering people at all life stages with the skills and knowledge to make sound financial decisions.

The initiative, which marks a significant step in the Commission's efforts to strengthen household savings, foster an investment culture, and promote long-term financial well-being, is built around a four-pillar approach:

- **Coordination & best practices:** Expert meetings, exchange of best practices, ministerial-level events, and a voluntary code of conduct for private and non-profit stakeholders.
- **Communication & awareness:** An EU-wide campaign, national financial literacy ambassadors, and public events to build awareness.
- **Monitoring & evaluation:** Regular Eurobarometer surveys, new evaluation tools, and integration into the European Semester.
- **Funding & research:** Centralised information on EU funding, promotion of competence frameworks, and support through existing programmes such as Erasmus+ and ESF+.

In addition, the strategy includes targeted support for vulnerable groups (youth, women, low-income households), with tailored initiatives on retirement planning, debt management, and fraud prevention.

Timeline

- 2026 - Launch of expert meetings, ambassador network, and EU-wide awareness campaign.
- 2027 - First ministerial event and introduction of the code of conduct.

The strategy places retirement preparedness at the core of financial literacy, recognising its importance for long-term financial well-being. It highlights the role of pension funds in providing workplace-based financial education in cooperation with social partners, while also promoting participation in supplementary pensions - with the Commission monitoring enrolment rates as a measure of success.

An EU-wide campaign will emphasise retirement saving as a key part of financial security, and regular Eurobarometer surveys on retirement preparedness will offer valuable data for pension funds to refine communication and tailor products to members' needs.

4. Omnibus I state of play

The Commission adopted Omnibus I on 26 February 2025. Its proposal reforms the Corporate Sustainability Due Diligence Directive (CSDDD) and adjusts the Corporate Sustainability Reporting Directive (CSRD). The main objectives are to reduce complexity and legal risk for companies while ensuring transparency. Key elements include:

- Restricting due diligence obligations to direct business partners instead of the entire value chain.
- Extending monitoring intervals from one to five years.
- Removing the obligation to terminate business relationships in cases of non-compliance.
- Clarifying liability provisions.

For CSRD, the Commission proposed raising the employee threshold to 1,000 and removing listed SMEs from scope.

Council mandate

On 23 June 2025, Member States adopted their mandate on CSRD and CSDDD. On reporting, the Council supported raising thresholds, adding a turnover requirement of €450 million, and postponing the obligation to adopt transition plans by two years. It also included a review clause for potentially extending the scope in future.

On due diligence, the Council increased thresholds to 5,000 employees and €1.5 billion turnover, delayed transposition by one year (to July 2028), and shifted from an entity-based to a risk-based approach. This narrows the requirements to areas with the most significant potential or actual adverse impacts.

Parliament process

In Parliament, rapporteur Jörgen Warborn (EPP, Sweden) presented a draft report with 82 amendments. The proposals include raising thresholds to 3,000 employees and €450 million turnover, substituting the term "value chain" with "chain of activities," and creating a digital reporting portal to centralise templates and requirements.

Five committees for opinion adopted their draft opinions in July, and the JURI committee will vote on the report on 13 October, followed by a plenary vote later that month.

Compromise options

Possible compromises being considered suggest a narrowing of obligations compared to the original proposals. Two packages are under discussion:

- **Package 1**: CSRD threshold at 1,750 employees / €450m turnover; CSDDD threshold at 5,000 employees / €1.5bn; deletion of transition plans in CSDDD but retained in CSRD; risk-based due diligence; civil liability unchanged.
- **Package 2**: CSRD threshold at 1,000 employees / €450m turnover; CSDDD threshold at 5,000 employees / €1.5bn; transition plans retained under compromise text; risk-based due diligence; civil liability unchanged with a review clause.

Political dynamics

Political groups remain divided. The EPP has pushed for broader exemptions and lighter rules, aligning at times with right-wing groups. Renew has shown willingness to back a balanced compromise, while the Socialists and Democrats (S&D) have held a firm line on retaining civil liability provisions. The Greens support stricter safeguards and broader scope. At the centre of contention is whether to keep, modify, or replace civil liability rules.

Next steps

An informal deadline for internal compromise discussions is set for 8 October. The JURI Committee will vote on 13 October, with a plenary vote expected by the end of October. Trilogues with the Council and Commission are scheduled to start in Q4 2025. The outcome of these negotiations will determine how far simplification goes, and whether sustainability obligations will be narrowed or maintained.

5. FIDA

Background:

On 1st April and 17 June 2025, two trilogues took place with an emphasis on FIDA simplification. The EC continues to defend the inclusion of the customer data category related to occupational pension schemes in FIDA scoping (and the entities providing such pension schemes, namely IORPs and insurance undertakings).

The EP rapporteur, Johan Van Overtveldt (ECR, BE), expressed in the last trilogue its attachment to the EP mandate (see Article (2)2) that includes IORPs *that are accessible for all interested consumers)* and the EPP shadow rapporteur, Regina Doherty (EPP, IE) highlighted that "*the IORPs exclusion was important for her group*".

The Council had already reached a general approach on FIDA in December 2024; which allowed the start of trilogues. However, given the political pressure from Member States and the EC's agenda on simplification, it led, *de facto,* to a reopening of certain provisions of the text at the Council level.

Last developments:

Member States continued their discussions on 1st October 2025 to discuss (1) a new proposal to introduce a reverse-demand approach to try to find a consensus on limiting the burden for data holders, (2) supervision issues regarding the extent to which the ESAs must be involved in the scheme governance, or authorizing FISPs for instance, (3) forbidding or limited gatekeepers access to FIDA related data, (4) reducing empowerments for levels 2 & 3 mandates and (5) extending implementation deadlines.

No pension issues have been discussed during this meeting, as Member States continued on a bilateral basis their discussions regarding a proposal arising from the German non-paper to "*exclude arrangements that entitle members of an occupational pension scheme to continue to save on their own behalf from the scope of FIDA was well received by MSs".*

Next steps and PensionsEurope advocacy:

Given the political pressure, trilogues negotiations have been stalled and it is becoming very unlikely that trilogues will conclude by the end of this presidency. The withdrawal of the text is also a possibility. The presentation of the 2026 EC working program expected for mid-October 2025 will provide more clarity on EC's intention which is pressurized to deliver on FIDA simplification or on the withdrawal of the text if it cannot deliver on its simplification.

Recently, we have been in contact with the Danish presidency and circulated to them our last position paper on FIDA. Previously, we met different Council, Parliament representatives and been in contact with the EC digital finance unit.

6. Savings and Investment Accounts (SIAs)

Background:

On 10 June 2025, the EC launched a call for evidence on a recommendation (therefore a non-legislative instrument based on Article 292 of the TFEU) on Savings and Investment accounts. On 8 July, PensionsEurope submitted its answer. We highlighted that the impact on supplementary pensions of such SIAs should be properly taken into consideration, especially if they benefit from preferential tax treatment, as it could jeopardise the objective of providing sufficient income replacement in old age. We also emphasized that any investment restriction should be avoided as it would go against the principle of diversification.

Last developments:

On 30 September 2025, the EC published its recommendation on Savings & Investment Accounts (SIA). Th EC encourages MSs to grant the SIAs and assets detained through SIAs "*at least the most favourable tax treatment available*" through different mechanisms, including deductions from the taxable base or tax exemptions.

This non-binding document for the MSs advocates for "*fair, proportionate, transparent"* costs related to the opening and operation of an SIA and asks MSs to encourage (financial) providers to channel retail investment into the EU economy, contributing to EU priorities.

Next steps:

The EC will monitor the implementation of the recommendation within the economic governance framework (i.e, the European Semester).