

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

Fields marked with \* are mandatory.

## Responding to the paper

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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](#)

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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

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

- Public
- Confidential
- Partly confidential

\* Stakeholder name

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## Questions to stakeholders

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### 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

Please provide your comments on the introduction.

Insurance Sweden is the industry organisation for insurance and occupational pensions companies in Sweden. Insurance Sweden works to promote good business conditions for the insurance and occupational pensions industry. Insurance Sweden is a member of PensionsEurope and of Insurance Europe. There are some specificities that frame the Swedish occupational pension market which predominantly consists of IORPs and life insurance undertakings. Our position on some of the alternatives presented by EIOPA stem from these specificities and are included in this answer. It should also be noted that when we refer to IORPs in this answer we don't include the Swedish pension foundations since they are not members of Insurance Sweden.

The second pillar in Sweden is dominated by four major and sector-wide occupational pension schemes, all based on collective agreements:

- SAF-LO (for blue collar employees in the private sector)
- ITP (for white collar employees in the private sector)
- PA-16 (for employees in the public sector)
- AKAP-KR (for employees in municipalities)

Collective agreements are also in place for some smaller schemes that generally mirror the conditions of the four major ones.

Around 90 percent of the Swedish workforce are covered by schemes based on collective agreements. There are also occupational pension benefits offered directly by employers and schemes developed and offered to employers by insurance intermediaries, but also these are managed by IORPs and insurance undertakings.

In line with the Swedish labour law tradition, collective agreements are binding as law for all employers and employees covered by the schemes. The social partners negotiate the pension plans and determines the

conditions which are mainly stipulated in the collective agreements.

Schemes subject to collective agreements are generally funded. Benefits provided directly by occupational pensions companies (IORPs) or insurance undertakings is the predominant funding solution. Foundations on the other side function as a pledge and may also cover some of the liabilities with credit insurance.

All four major schemes have moved from defined benefit (DB) to mainly defined contribution (DC) designs for new entrants, sometimes including options between DB and DC and combinations of both features. Older DB schemes are however in many cases still applicable for earlier entrants.

The DC schemes are member-directed, which means that while the employer will pay the contributions stipulated by the scheme, the employees are given a range of providers and different products offered by these providers to choose from. In order for a provider to be designated as eligible for choice under the schemes, it has to offer products that fulfil certain criteria set out by the social partners.

The products can either include a guarantee (as a traditional life insurance) or be linked to underlying investment funds (unit-linked). If the employee abstains from making a choice, the contributions from the employer will be directed to a default alternative designated by the social partners (this will always be a traditional life insurance product offered by one of the designated providers under the scheme, either by an IORP or an insurance undertaking).

Choices under DC schemes are mostly made through special "hubs" acting as "administrative centres" ("valcentraler"). Such administrative centres will also administer contributions, fees, information to members and beneficiaries, PBS, transfers etc. for both DC and DB schemes, and thus act as a link between the scheme member and the provider (IORP or insurance undertaking). It is worth noting that although the employer will be the formal policyholder for products chosen within DC schemes, with the employee as beneficiary, the employer is not informed of the choices made by the employee.

The payments from the second pillar constitute an important complement to the first pillar system towards ensuring adequate pension levels in Sweden.

Pensions in Sweden includes as a normal provision also risk coverage, such as sickness benefits and survivorship protection. That has to be considered when regulating IORPs.

Insurance undertakings with occupational pension business have for the last years been able to convert into IORPs and follow in that area the IORP II Directive, or continue to be insurance undertakings and follow Solvency II. A major part of the requirements on insurance undertakings has been more or less copied in the Act on Occupational pensions companies, and IORP II goldplated.

## 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.

As stated above, in Sweden a significant part of the occupational pension secured through insurance undertakings and occupations pensions companies is based on collective agreements. The social partners negotiate the pension plans and determines the conditions which are mainly stipulated in the collective agreements. Under this system, the social partners enjoy a great confidence from the Swedish legislator to jointly develop legal requirements, as an alternative to regulation, which forms an essential part of the well-functioning model in the Swedish labour market.

Under this model, the protection of members and beneficiaries of the occupational pension schemes is not achieved by legal requirements directed only towards the IORPs. The social partners, or their joint

representatives, have their own and independent role in the administration of occupational pension. They function as an independent link between employers, employees and the IORP and contribute to further strengthening the protection of members and beneficiaries of the occupational pension schemes. The social partners also conduct regular procurements of occupational pension providers, with the purpose of ensuring beneficial conditions and products, including low fees.

This model means that there is not only a triangular relationship between the employee, the employer and the IORP, but in fact a four-party relationship that also includes the social partners. A consequence of this is that the IORP II Directive, designed for a triangular relationship, is at times difficult to apply. Article 20.2 embraces this difficulty by stating that the Directive is without prejudice to the role of social partners but is, by wording, limited to the management of IORPs.

As stated in recital 5, the Commission and EIOPA should have regard to the various traditions of Member States in their activities and should act without prejudice to national social and labour law in determining the organisation of IORPs. Recital 32 states that the social function and the triangular relationship between the employee, the employer and the IORP should be adequately acknowledged and supported as guiding principles of this Directive.

To ensure that the intention of the Directive, as expressed in recital 5 and 32, is upheld in all activities carried out by IORPs, a new Article that could replace Article 20.2 should be included. Such Article could be inserted in the section "Subject matter" and have the following wording: "This Directive shall be without prejudice to the role of the social partners in each Member State."

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

- Yes
- No

Please explain your answer and provide any alternatives.

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.

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.

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

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

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.

There is no reason to raise the requirements for non-low risk profile IORPs. The protection mechanisms for members and beneficiaries are already in place in the IORP II Directive, complemented with further Member States requirements when deemed necessary from a national context. The proportionality principle should only be used to make it possible for some IORPs to cope with regulations designed for more complex IORPs.

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.

We agree that it is appropriate for an IORP to assess liquidity risks but, as proposed, only if its derivative exposures are material. What constitutes a material exposure should be left to IORPs to assess. If it is considered necessary to regulate an explicit level, it should be decided at Member State 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.

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.

Many Swedish IORPs manage occupational schemes of employers who are not related in any way. Also, as explained in the comments on section 1, employees can often choose provider and employers do not know which provider the employees have chosen through an administrative center. This system is set up by the social partners who, when selecting eligible providers have high standards on members' and beneficiaries' protection and future pensions level.

These IORPs are regulated in the same way as other IORPs and the mere fact that the employers are not related adds no special risks to members and beneficiaries. In fact, with this kind of set up an efficient economy of scales can be gained to the benefit of the members and beneficiaries.

Also, there is no need to notify changes in the business plan to the supervisor. It could be relevant information for the supervisor for the first couple of years after the operations have started. But after that, the normal supervisory reporting and the ORA should be sufficient for the supervisory purposes.

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.

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.

We consider the best way to avoid double reporting is if the competence to decide on what should be reported stays with the national supervisor. Also, the reporting should always be made to that supervisor.

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?

On an EU-level we consider a minimum harmonisation still to be appropriate. It is the best way to cater for national specificities in the occupational pension context. Such specificities can and should be reflected in local regulations.

The Swedish requirements on occupational pensions companies include both a risk-based solvency requirement and an ORSA (i.e. an ORA accompanied by assessments on solvency situation and needs). Any requirement for other risk assessments, with other parameters and stresses, or with another balance sheet due e.g. to different discount rates, risk blurring the internal steering of the IORP. For Member States with a risk-based solvency requirement and a requirement to perform a solvency assessment there is from a risk management and a stability perspective no need to perform other assessments, even if it is not exactly

the same as the common framework developed by EIOPA. Any benefit for EIOPA of a common framework is by far outweighed by IORP's cost of compliance and governance risks and the fact that the supervisory power still rests with the national supervisor.

The Swedish risk sensitive capital requirement includes operational risk, interest rate risk, equity risk, property risk, spread risk, currency risk, concentration risk, infrastructure investment risk, longevity risk, sickness risk, lapse risk and costs risk. The only risk included in the common framework not covered by the Swedish capital requirement is counterparty default risk as it is deemed by the regulator not to be a material risk for occupational business. In an impact assessment report from the supervisor on the Swedish implementation of IORP II Directive, it considered that counterparty default risk would only contribute to a very small part to the total risk sensitive capital requirement.

If a common framework for risk assessment is introduced, it should not be complemented with supervisory powers. If an IORP complies with regulatory requirements, intrusive supervisory action should not be possible due to need for legal certainty. Adding supervisory powers to the common risk framework would in practice be equivalent with introducing harmonised capital requirements, since IORP's would need to be sure to have capital beyond the result of the risk assessment.

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.

We agree that IORPs without restrictions should be able to invest in regulated markets outside EU and at MTFs and OTFs. The possibility to spread risks is important for a prudent investment policy.

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.

We agree that IORPs without restrictions should be able to invest in regulated markets outside EU and at MTFs and OTFs. The possibility to spread risks is important for a prudent investment policy.

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.

It is appropriate for an IORP to have processes and procedures for the ORA and to document them. However, it should not have to be a separate policy for ORA. It should be up to each IORP to decide the structure of its policies in a way that best suits its internal organisation and risk profile. If it is considered necessary to regulate, it should be left to Member States so the requirements can be adapted to different national types of IORPs.

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 checked="" type="radio"/> | <input type="radio"/>            |

Please provide your comments on section 2.8 Miscellaneous

On Article 19.3: IORPs should be allowed to act as a guarantor on behalf of subsidiaries and for clearing purposes. It can be to the benefit of the IORP if it can guarantee e.g., a subsidiary's real estate investments. This is necessary for IORPs to be able to own investments indirectly through wholly owned subsidiaries or other entities such as partly owned companies acquired in connection with e.g., joint ventures investments. For example, if an IORP enters into a joint venture with other investors to purchase a real estate or infrastructure asset, a more and more important asset class for larger IORPs, it is customary that the seller of such asset or a financing bank will require the IORP and the other investors to guarantee certain obligations of the joint venture since the joint venture would often be a newly formed vehicle fully dependent on receiving future funding by its owners. Another example is where an IORP owns a real estate asset through a subsidiary and the IORP is required to provide a guarantee for the subsidiary to be able to engage a construction company for a construction project on the real estate.

### 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?

We oppose changes to the majority requirements for national transfers and also for cross-border transfers. The vast majority of transfers occur nationally, for the obvious reason that the occupational market still is national. The receiving IORP is then familiar with the relevant conditions and specificities for occupational pensions in the market. It is not likely that the reason for lack of cross-border transfers is, more than theoretically, differences in majority requirements for national compared to cross-border transfers. In the consultation document we can't find anything that implies that the national majority requirements for national transfers are not proper. The low number of cross-border transfers and hence lack of experience makes caution needed when drawing conclusions. Home country law of the transferring IORP should be the relevant law for the majority requirement.

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

There is no reason to develop a pan-European occupational pension product (a second regime). Occupational pensions supplement first pillar pension and so the benefits needed are very dependent on the national social security and public pensions environment. It is questionable if the efforts to come up with a second regime fit for all Member States can be justified.

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.

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

No, we don't agree to include a summary on sustainable investments in the PBS. Sustainability is a difficult topic to be brief about. Sustainability information require quite some explanations for it to be understandable for members and beneficiaries. A better way to inform members and beneficiaries would be to refer to information through a link in the PBS, either to the IORP's webpage or, if members have multiple investment options to the webpage of the funds (UCITs). Of course, it should be a link that leads directly to sustainability information.

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

Some information items considered by EIOPA can be very difficult to provide for schemes where members have multiple investment options to choose from. Individual information of each investment option, even in summary, would probably need costly IT-development. It should be possible to include a link to relevant information at the IORP's webpage, or better at the UCITs webpage. With such solutions the information will be more updated than if included in the pension benefit statement.

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 our view, the current pensions benefit statement works well and gives members and beneficiaries good and understandable information.

We oppose harmonising the PBS at EU level as well as at national level. We also oppose principles-based requirements on the design. The vast differences of IORPs and their benefits will make it difficult to compare schemes even if the design of the PBS is harmonised. So, the cost of changing the PBS is not outweighed by benefits. The most important should be that members and beneficiaries get information from each IORP that is as relevant to the scheme and IORP concerned as possible.

In Sweden the best way for an individual to get information on the whole pension situation is to use the PTS minPension, which delivers information on all three pillars. There one can find the total pension capital as a total sum for all three pillars and the different parts and providers. minPension will also be the best tool for pension prognosis, for all three pillars together.

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.

The best way forward is not to regulate which format to use for information to members and beneficiaries. It should be left to the IORPs to decide which format is the best communication channel.

Also, IORPs should not be required to ask members and beneficiaries for their preferred option. That would be a step in the wrong direction, at least for IORPs that already to the extent possible communicate with members and beneficiaries digitally. If regulation is considered, a possibility for members and beneficiaries to opt out of digital communication should be seen as good protection for them.

For schemes where members do their choices, of e.g. provider, product and investment choice, through administrative centres the design of the choice architecture lies with the administrative centre, see comments on the introduction section. This often has been set up by the social partners. IORPs have no part in designing that architecture.

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

Yes, there would be challenges implementing the proposal. As a matter of fact, they would make it almost impossible to provide multi option products due to the difficulty in providing the requested information. Particularly, information on costs of each investment option in the PBS is difficult as is information to prospective members of each investment option, certainly in monetary terms, and the impact of costs on the final benefits.

It should be possible to include a link to relevant information at the IORP's webpage, or better at the UCITs webpage.

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 member states with a well-functioning PTS, such as MinPension in Sweden, no further action at EU or national level is required. Such actions could even harm the functioning of MinPension, which is a public-private initiative. It is a wholly owned subsidiary of Insurance Sweden, and the Swedish Pensions Agency is a member of the board.

minPension as well as the Swedish Pensions Agency, insurance companies and IORPs use a common standard for prognosis, with a set of standardised assumptions. It is for the Swedish market as a whole vital

that this can be upheld. The Swedish common standard for prognosis has been developed so that prognoses from different pension actors (minPension, the Pensions Agency or e.g. an IORP) should be calculated in a common way. This works well to the benefit of individuals and should not have to be amended.

This means e.g. that there should be no requirement on consistency between an IORP's approaches for modelling for risk management and for providing information. In addition, an IORP's internal risk management needs to be tailored to the specificities of the IORP and should not in any way have to be adapted to e.g. the Swedish common standard for prognosis.

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?

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.

We don't agree that requirements should be introduced on the structuring and implementation of the pension scheme. The structure of the scheme is the sole responsibility of employers or, for most Swedish schemes, the social partners through their collective agreements. They assess members' and beneficiaries' needs. If requirements should be introduced, they need to be flexible, not setting up details and it should be possible for Member States to adapt them to specificities of the Member States' and IORPs' characteristics. Care needs to be taken not to interfere in the role of social partners in Member States.

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?

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?

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?

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?

We agree that increased cost transparency in the supervisory reporting would allow national supervisors to better assess the cost efficiency of IORPs and the value for money offered to members and beneficiaries. However, this can be achieved by a less complex and more balanced approach where direct and indirect costs (look-through), such as external management costs and fees in funds, should be reported but no indirect transactions costs in funds should have to be reported. Also, IORPs don't always know what the costs for the sponsors are, especially for multi-employer providers that have no close relationship with the sponsors. Further, no breakdown should be needed for multiple investment options. A preferred option would be to leave to the national supervisors to decide on the level of granularity of costs reporting.

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 checked="" type="radio"/> | <input type="radio"/>            |
| * Section 5.5.7: Fit and proper requirements                               | <input type="radio"/>            | <input checked="" type="radio"/> |

Please provide your comments on section 5.5.6 Member and/or beneficiary involvement in IORPs governance

It must be left to the Member States to decide how involvement should be arranged, and to whom it should be applied. IORPs' governance structures are diverse, and we don't believe a one size fits all solution is appropriate. In Sweden, the social partners or other organisations representing members and beneficiaries are often represented at the Board, which should be sufficient.

One also has to take into account that it requires knowledge and experience to contribute to decision-making in an IORP and that is not always easy to come by. And with the right to be involved in decision making comes responsibility for the decisions.

## 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 already required to include in the remuneration policy information on how the policy is consistent with the integration of sustainability risks (article 5 SFDR). It is therefore not necessary to add that the remuneration policy shall include information on how the IORP takes into account the integration of sustainability risks in the risk management system. It does not add any value.

As a general comment, the regulator should avoid regulating the same issue for IORPs in more than one legal act.

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))?

We are positive to IORPs considering sustainability in investment decisions, but we don't agree that IORPs should be required to reflect sustainability preferences of members and beneficiaries in investment decisions. Investment decisions must be the responsibility of the IORP to decide on, not least the risk appetite. Sustainability is not a straightforward issue and informed decisions are thus not easy.

As IORPs often have representatives of members and beneficiaries on the board, through the social partners, the voice of the individuals can be reflected when the board decides on investment policies and mandates. This is in our opinion the best way forward.

Also, with a large number of members and beneficiaries (some IORPs have more than two million members and beneficiaries) it is not possible to find out what their sustainability preferences are even if technology-based solutions are used. And even if it would be possible, it would probably be a vast variety of preferences. It would not be appropriate to accommodate all these when taking investment decisions.

Further, there are other ways to enhance the understanding of members' interest which we see as fit for purpose. Some IORPs capture the public and stakeholders' (including members'), perspectives and expectations on pensions and on sustainability in different ways, e.g. through qualitative and quantitative questionnaires. External studies on the public view and expectations on pension providers gives a further insight.

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))?

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?

We agree IORPs can contribute through stewardship. However, when considering regulating policies and documentation, already existing requirements in other legal acts have to be considered, such as SFDR. Duplication has to be avoided.

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 checked="" type="radio"/> | <input type="radio"/>            |

Please provide your comments on section 6.8 Broader societal goals

Conditions on the labour market in Sweden are to a very high degree regulated through collective agreements between the social partners rather than through legislation and state intervention, see our comment to the introduction. Approximately 90 per cent of the workforce is covered by pension schemes /plans that are collective agreements. The social partners take a joint responsibility to design pension schemes that take account of all employees, also vulnerable groups, within their respective part of the labour market.

Where the occupational pensions schemes are neutral with regard to vulnerable groups – as they are in Sweden – it is more important to focus on communicating the importance and function of occupational pensions schemes, especially to young people and people that are considering part time work than to regulate how occupational schemes should be designed. Early awareness of the design and importance of occupational pension schemes is a way to avoid unpleasant surprises regarding the level of the pension at a late stage in work life, where the room to take action is limited.

## 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?

In Sweden, it cannot be a matter for the management or the board to decide a recruitment policy for the board. That would go against a basic principle of Swedish company law. It is for the annual meeting, i.e. the owners, to decide on the Board members and it is common practice in Sweden for the annual meeting to decide on a nomination committee amongst owners. For this reason, it is and should not be possible for the board to restrict or in any way direct the votes of the annual meeting in Sweden. It is not for the Board to decide or direct how it should be composed or propose a shortlist of persons to choose from.

A large part of the Swedish IORP market is regulated through collective agreements between the social partners. The social partners not only design the pension schemes but are often part of the Board of Directors of the IORP. The parties take responsibility for pensions schemes working as intended, for all employers and employees. Although acknowledging the positive dimension of diversity and inclusion, depending on how requirements are framed both small and larger IORPs could meet challenges in balancing different interests, gender and inclusion features, and knowledge and experience within a given number of seats. We are not convinced of the need to regulate the composition of the management board in the IORP II directive. It should be left to Member States if, and how, it should be regulated.

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?

Publicly disclosing board and management gender diversity increases transparency and is already mandatory under the Swedish Annual Accounts Act. However, such requirements are better handled at national level and should not be regulated at EU-level. The regulator should also avoid regulating the same issue for IORPs in more than one legal act.

Further, we don't see a need for reporting on D&I to the national supervisor.

Also, care should be taken when considering diversity that collecting information to report on different aspects of diversity must not intrude on individuals' integrity. Information on e.g. ethnicity could be considered inappropriate to collect and report.

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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