

SPFA svar avseende EIOPAs CONSULTATION PAPER on technical advice for the review of the IORP II Directive (EIOPA-BoS-23/071 03 March 2023)

Questions to stakeholders

Executive summary

Do you have any comments on the executive summary?

Yes

No

Please provide your comments on the executive summary.

This response is made by Svenska pensionsstiftelsers förening, SPFA, in their capacity as an interest organization for Swedish pension foundations (Sw. *pensionsstiftelser*). All responses left herein are made from the perspective of Swedish pension foundations.

The members of SPFA are mainly larger Swedish pension foundations. A more exact definition would be entities related to "Book reserves collateralized, to the extent decided by the entity responsible for the fulfilment of the liability, by entrusted funds" but the definition "pension foundations" will be used in this reply. Pension foundations are, according to Swedish law, prohibited to carry any pension liabilities. The sole purpose of the pension foundation is to secure pension liabilities of the employer, including managing the assets of the foundation – which serve as collateral for the liability carried by the employer. The employer's liability is unlimited and independent from the value of the assets in the pension foundations. Pension foundations are not carrying any own liabilities, are not providing any financial products, are not responsible for or providing any pension schemes and there is no direct relationship between the pension beneficiaries and the pension foundations. The promise to pay pensions is made exclusively by the employer and the responsibility for paying the pensions always remains with the employer. There is no direct contact between the pension foundation and the pension beneficiaries. If the employer becomes insolvent, the pension foundation will be liquidated by the administrator and the assets used to purchase insurance for the pension beneficiaries. In case there is a deficit, there are in most cases mandatory insolvency insurance in place.

In the financial reporting of the employer the market value of the assets of the pension foundation is set off against the liabilities of the employer and the net is brought over to the balance sheet. The book reserves are calculated according to Swedish GAAP for legal entities (and according to IFRS for listed company groups). There is no legal requirement for employers to secure their liabilities in a pension foundation or otherwise. Book reserves occur mainly among large and medium sized Swedish companies that are party to the Swedish ITP Pension Plan (DB), in many cases combined with a pension foundation established by the employer. According to the ITP Plan, mandatory insolvency insurance with PRI Pensionsgaranti always secures pension liabilities that are not secured by life and pension insurance. It is recognized in the IORP II directive that the rules are not suitable for all types of institutes (exemptions in art 2.2 and recital 28). Pension foundations are a unique type of institute that are not like the institutes that IORP is primarily designed for. SPFA believes that relevant comparisons can be made with the German Unterstützungskassen as well as contract trust arrangements, both which are outside the scope of IORP II. Although SPFA's view is that pension foundations do not fulfil the requirements in art 6 (1) and are thus not to be deemed as IORPs to begin with as they fall outside the purpose in IORP II directive to protect the employees, there is unfortunately no express exception for pension foundations in the IORP II directive. Unfortunately, again, the Swedish legislator has made the assessment that Swedish

pension foundations are within the scope of IORP II. Although the scope or applicability of IORP II is not within the scope of the current review, SPFA wants to raise this as it provides further context to the responses left herein. SPFA would also like to ask EIOPA to consider whether it can be clarified that pension foundations also should not be included in the scope, as with the German Unterstützungskassen.

The overall impression of the technical advice is that the development of the regulation of IORPs tends to become a more risk-based regulation like the regulation of insurance companies according to EIOPAs argumentation. The ongoing shift from DB to DC could enhance the need for more increased risk control from regulators and NSAs.

SPFA finds this very challenging since the Swedish pension foundations do not carry any risks towards beneficiaries of pension statements from employers. Only DB-plans are secured in pension foundations in Sweden. Swedish pension foundations are only a small part of occupational pensions in Sweden, approximately 10 percent of the total pension assets, that amounts to EUR 300 billion (according to the Swedish government 2019), are secured in pension foundations. Only approximately 80 pension foundations in Sweden are subject to IORP II and very few of those have more than 1 EUR billion under management.

SPFA is concerned that adding even more regulatory requirements, on governance, reporting obligations and other, may have the result that securing pension liabilities in pension foundations instead of traditional insurance will no longer be a realistic and economically justifiable option.

Proportionality

The pension foundations that SPFA represent normally secure the employer's pension promise to more than 100 beneficiaries. Given the characteristics of the pension foundations, SPFA agrees with the view that governance and prudential standards should focus also on the risk profile and not only quantitative measures such as size. Size and internal organization are however still relevant to consider from a proportionality perspective. SPFA conceptually agrees with introducing a "low risk" category for IORPs but does not agree with the suggested categorization of low risk IORPs. SPFA strongly disagrees with the proposal that "non-low-risk profile" IORPs would be subject to stricter standards. Further detail will be given in the answers below.

Conflict of interest

Pension foundations often rely on the possibility to outsource internal functions to the employer. Limitations to this possibility would be very negative for pension foundations, for which outsourcing is often the only realistic option.

Standardised risk assessment

As pension foundations do not carry their own liabilities this should not become applicable to them.

Cross border activities and transfers

This will not be relevant for pension foundations.

Information to members and beneficiaries and other business conduct requirements.

Since there is no direct relationship between the pension foundation and the members/beneficiaries and the pension foundation are not providing pension products, this could not be applicable for pension foundations. The same applies for a duty of care towards members/beneficiaries.

Shift from DB to DC

Not applicable.

Sustainability

Pension foundations do not have a direct relationship with the members/beneficiaries and it is thus not suitable to introduce requirements that pension foundations consider members/beneficiaries sustainability preferences in their investment decisions. Introducing double materiality as a requirement would lead to disproportionate costs for pension foundations.

Diversity and inclusion

The board of directors in pension foundations are appointed by the sponsor company, where half of the board should be appointed by the employer and half by the employees. It is thus outside of the control of the pension foundations which persons will be appointed. The sponsor company is not within the scope of IORP II (art 2.2 (e)). It can be challenging to find representatives that fulfil the requirements, where according to the Swedish implementation each member of the board individually, and not the board as a whole must fulfill all requirements, as it is and SPFAs view is that it would not be ideal to add further requirements in this regard. Discrimination based on gender is already prohibited according to Swedish law.

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.

Pension foundations have adapted to the current IORP II directive as implemented in national law. The costs have however been higher than anticipated. The effectiveness and benefits can be questioned given the function and purpose of the pension foundations and is not proportionate to the costs. In addition to the requirements in IORP II, IORPs are further included as such in broad horizontal regulations without regard to proportionality or the specific characteristics and variation of the IORPs and the fact that pension foundations do not provide any products and thus no public marketing.

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.

SPFA agrees with increasing the threshold, and the proposed new threshold would be an improvement compared with the current one. However, from the pension foundations' perspective, the number of beneficiaries/members is not the most relevant as it is the

employer that carries the liabilities. Information about the number of pension beneficiaries is available to the employer but not to the pension foundation directly. It would be more relevant to only have a limit in relation to assets under management and in SPFA's view that limit should be increased to at least EUR 500 million in order to provide the member states with more flexibility to make proportionate exceptions for low risk IORPs based on size.

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.

SPFA's view is that size and internal organization are relevant to consider in relation to proportionality measures. It is more aligned with the possibility to make exception for small IORPs to keep the size criteria. For pension foundations, the internal organization coincides with the complexity and risks connected with the operations.

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.

Conceptually, it is preferable to define a category of low-risk profile IORPs rather than have a general wording which can be difficult to apply, and only be allowed to make exemptions for small IORPs based solely on size criteria.

SPFA's view is that IORP II should remain a minimum directive. However, from a proportionality perspective there should be more flexibility when it comes to implementing different requirements. Introducing a new category could be one way to address this, but the proposal as it is would not result in improved proportionality for pension foundations. SPFA also sees a risk that "non low risk profile IORPs" would not benefit from proportionality measures, and that this is in fact a movement away from minimum directive design.

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?

Pension foundations have adapted to the current requirements in IORP II however to high costs that are not proportionate to the benefits. It is not advisable to increase the requirements on pension foundations.

Another major challenge is that new regulations such as DORA and SFDR applies directly to pension foundations (since these are, at least in Sweden, considered as IORPs) with the only possible exemption for small IORPs, which many pension foundations do not benefit from. For example, pension foundations have had to spend significant resources on implementing the SFDR regulation regardless that they will never have any financial products. Taken together, the regulatory requirements drive high costs and adds to the administrative burden in a way that is not proportionate or justified for pension foundations. In principle, SPFA would like to see that member states, based on their own

risk assessment, would be given discretion to make the same exemptions for low risk IORPs as for small IORPs. In any case, it should be possible to make exemptions from any reporting requirements, any new governance or other requirements or restrictions designed for much larger and more complex IORPs.

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'.

Pension foundations would fulfill the first two conditions (or rather, these would not be applicable).

SPFA does not agree with the threshold for non-traditional investments. In SPFA's view this type of investment should not be seen as more risky per se, on the contrary, alternative investments can lower the risk level in a portfolio and provide options for long term investment (eg in infrastructure projects) and diversification.

The conditions on total assets (not higher than EUR 1 bn) and non-traditional investments (not more than 20%) would be met by some, but far from all, pension foundations. The proposed increased requirements for "non low risk profile" means that this could have a very negative effect on pension foundations. SPFA does not agree that an exact figure of how much can be invested in non-traditional investments can be applied to all IORPs since the investment strategy depends on different factors, such as the time aspect of the investments, the diversification of the investments and the competence of the asset management staff. To quantify what low risk means in that regard is in SPFAs view not in accordance with the prudent person rule.

SPFA suggests adding a criteria, as an alternative condition, in order to address an important risk element, namely whether the IORP has liabilities towards pension beneficiaries or not:

"the IORP does not have any liabilities towards members or beneficiaries and does not as a normal part of its operations pay pension benefits, or is responsible for a pension plan or other financial products".

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.

In SPFA's view the proposed measures would not have that big impact on the administrative burden already imposed. Please see our response to Q 2.4.

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.

From the pension foundations perspective, the current minimum requirements can be met, but adding further stricter requirements would be very detrimental. The suggested change in 24 (3) would be particularly detrimental to pension foundations and how these are organized. If the proposed conditions for “low risk IORP” would become effective, SPFA’s interpretation is that a number of pension foundations would still not be viewed as low risk and thus subject to even stricter requirements than today which would for pension foundations be very detrimental to how pension foundations are organized and not proportionate to the costs and administrative burden it would lead to.

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

Yes

No

If yes, please provide these suggestions and explain why they should be considered.

SPFA suggests adding a criteria, as an alternative condition, in order to address an important risk element, namely whether the IORP has liabilities towards pension beneficiaries or not:

“the IORP does not have any liabilities towards members or beneficiaries and does not as a normal part of its operations pay pension benefits, or is responsible for a pension plan or other financial products”.

Overall, greater weight should be given to the risk profile, and nature of the IORPs operations. For pension foundations, that do not carry liabilities or are responsible for any pension schemes or other financial products, do not pay out any pensions directly and do not have any contact with the pension beneficiaries, different considerations should be possible. This would be of great importance not the least when it comes to new requirements designed for large and complex IORPs, such as reporting requirements, stricter governance requirements and the application of other broad horizontal regulations aimed at finance market participants.

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.

If the IORP has a material derivative exposure, that should already be part of the own risk assessment for such IORP – there is no need to explicitly mention this.

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.

SPFA do not see a major risk in relation to the type of services that pension foundations outsource to service providers and considers the existing rules in IORP II relating to conflicts of interest and outsourcing as sufficient in relation to pension foundations. In Sweden the administration of the major pension plans are administered by administration companies co-owned by the social partners. SPFA is concerned over the broad definition of “service provider” and see a risk that this will target any and all service providers if the intent is to regulate service providers such as MIPs (which are described in the reasoning in the background for this section).

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.

We do not consider this relevant for pension foundations, which are set up for the sole purpose of securing employer’s pension liabilities. Also the Swedish pension foundations are a very small fragment of the European pension market. See comment to 2.10, important to be more specific with which type of service providers are intended to be covered here.

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.

SPFA does not support this proposal as it would un-proportionately increase the administrative burden for pension foundations. This should be decided by NCAs on the national level as part of the national supervision.

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.

As stated above, SPFA does not support this suggestion.

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?

This would not be suitable or proportionate for pension foundations.

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

Yes

No

Please explain your answer.

We do not see any major issues with doing so.

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 do not see any issues with this.

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 do not see any issues with this.

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 would not be proportionate to require such policy from pension foundations, benefits would not outweigh the costs.

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.

It would not be proportionate to require this from pension foundations, benefits would not outweigh the costs.

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

Yes No

Section 2.5: Conditions of operations and management of conflict of interest

SPFA disagrees with introducing requirements to register a business plan with the competent authorities. The pension foundation is created for a single purpose, defined in national law. All relevant information will be included in the pension foundations' investment rules.

Section 2.6: Effective use of data

SPFA does not support delegation to EIOPA to draft implementing technical standards on IORPs minimum data reporting.

Chapter 3. Cross-border activities and transfers

No comments.

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.

According to Swedish law, information to pension beneficiaries is the responsibility of the employer, not the pension foundation (which, again, does not have any contact or relation with the pension beneficiaries).

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

It should not be a strict requirement on pension foundations to provide any information as part of the pension benefit statement as pension foundations, in accordance with Swedish law, are not responsible for providing the pension benefit statement. Furthermore, it is not suitable for pension foundations to provide this type of information. Pension foundations do not provide any financial products and thus will not produce financial product disclosure statements. Pension foundations provide information on entity-level and not in relation to products. Most pension foundations, due to the nature of their operations etc, have chosen to not consider principal adverse impact (PAI). The proposed wording seems to anticipate that this information will already be available which will not be the case for pension foundations. SPFA's view is that this needs to be clarified or stated in more general terms referring for example to information disclosed according to SFDR, being the same information which is to be disclosed to prospective members according to SFDR. It should be sufficient if the information is provided through a link to the webpage where the information is already disclosed (but it should be noted that it is still the employer who is responsible for the pension benefit statement).

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

None.

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)?

SPFAs view is that the system is well functioning in Sweden with the employer being responsible for providing the information, in accordance with Swedish law.

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.

Too many detailed requirements on form and information to be included in the pension benefit statement could hinder an effective digitalization.

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

This is not applicable for pension foundations. The pension foundation is a pool of assets that serve as a security for the employer's pension promise. The promise by the employer will not be affected by the costs in the pension foundation. It will not be relevant information for the members/beneficiaries which costs that the pension foundations have had for managing the assets, on the contrary we see a risk for confusion for the recipients of such information.

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.

N/A.

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?

Not in relation to pension foundations.

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.

Pension foundations do not provide the pension scheme so it would not be appropriate or relevant in relation to them.

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.

Same answer as above, Q 4.9.

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.

Not in relation to pension foundations.

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?

This would not be appropriate for pension foundations. The promise and liability rests with the employer and the sole purpose of the pension foundation is to function as a security for this promise.

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

See answer to Q 4.12.

Chapter 5. Shift from Defined Benefit to Defined Contributions

Q5.1 – Q5.4

No comments.

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

Yes No

Please provide your comments on section 5.5.3 Complaints procedure and Alternative Dispute Resolution (ADR)

It is not clear whether this would target DB as well as DC IORPs. For pension foundations there cannot be any requirements of this sort, there is no relationship between the pension foundations and the pension beneficiaries.

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

According to Swedish law, the board of the pension foundation must consist of an equal number of representatives appointed by the employer and the employees (through their organisations). This ensures that the employee side (members and beneficiaries) is always represented in pension foundations. Any additional requirements for member/beneficiary involvement in relation to pension foundations would not be appropriate as there is no contact between them and the pension beneficiaries.

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?

SPFA supports option 0, no change, in this regard.

SPFA does not support Eiopa's advice for requiring the integration of sustainability risks in investment decisions and the double materiality as part of the prudent person rule. SPFA agrees with the NCAs answers to the survey, that implementing the double materiality in the IORPs investment decision making would result in lack of resources, lack of data and higher costs, especially for the smaller IORPs that would have to involve external partners and services.

SPFA does not support the advice to "enforce" this under Article 19(1)(b). Today's regulation provides an option to consider sustainability factors, it's not mandatory. Implementing two mandatory requirements under the same principle is not sufficiently justified or proportionate - especially considering the variety of IORPs. SPFA has great doubts that the changes would give the desired result - a positive sustainable development - and would rather result in smaller pensions and, in the specific case of the pension foundations, higher costs and a less effective management of the assets.

Further, the proposed wording is in our view ambiguous, eg. reading the proposed amendment to Article 19.1 (b) in tandem with Article 28(2)(h) ("*where* sustainability risks are considered in investment decisions [...]").

The proposed revision to Article 28(2)(h), to introduce requirements to include scenario analyses with quantifications, would not be proportionate per se for pension foundations. Providing this even on the most basic level would not be motivated from a cost/benefit perspective. It should instead be possible to make an exemption from this requirement.

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))?

This is not suitable for pension foundations as there is no relationship with the members and beneficiaries. Since the pension foundations does not have any relation or contact with the member/beneficiaries, it cannot collect sustainability preferences, such a requirement would not lead to the desired result. SPFA does not support the requirement for IORPs to take into consideration the sustainability factors in investment decision-making (current Article 19(1)(b)) due to the answer above regarding resources, data and costs.

It is of great importance that if it would become mandatory to consider sustainability factors in the investment decisions this should not imply a mandatory requirement for IORPs to disclose principal adverse impacts (PAI) on sustainability factors in accordance with SFDR.

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))?

It is not beneficial to include further specific requirements to the prudent person rule. SPFA's view is that there needs to be plenty of room for discretion to make decisions in the long-term best interest of members.

As pension foundations do not have contact with members or beneficiaries, a conflict should not arise between sustainability preferences and other investment principles according to Article 19(1) (a) and (c). Sustainability considerations cannot conflict with other investment objectives and sustainability preferences that fall outside such frameworks cannot be fully accommodated or considered.

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?

Not appropriate for pension foundations given the nature of their operations. SPFA does not support the statement that "IORPs are significant shareholders in various companies", this is not the case for pension foundations. Many pension foundations, if not most, invest solely in funds. The advice also includes that IORPs could get the opportunity to reflect the members' and beneficiaries' sustainability preferences when IORPs gauge ESG preferences of the members and beneficiaries. This would also not be applicable for pension foundations due to the nature of their operations. If requirements are introduced, SPFA's view is that it should be an option to, instead of a policy, provide a reasoned explanation in the same way as under the shareholder's rights directive.

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?

Not suitable for pension foundations. The board is appointed by representatives of the employer and employees. This is outside of the control of the pension foundations.

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?

No comments.

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?

A pension foundation cannot set such targets as this is a task for the sponsor company.