

OPSG meeting and joint BoS/ OPSG meeting

DATE: 30 January 2023

TIME: 10:00 – 16:00 h CEST

LOCATION: EIOPA PREMISES, FRANKFURT

OPSG meeting

MEETING CONCLUSIONS

AGENDA ITEM 1: APPROVAL OF THE AGENDA

1. The OPSG Chairperson welcomed OPSG members to the 13th OPSG meeting.

CONCLUSIONS AND ACTION POINTS

2. The draft agenda (EIOPA-OPSG-23-01) was adopted.

AGENDA ITEM 2: UPDATE BY OPSG CHAIRPERSON

CONCLUSIONS AND ACTION POINTS

3. OPSG Chairperson and topic owners informed the group about recent and upcoming deadlines and deliverables.
4. On the topic of Greenwashing, OPSG members Flavia and Torun volunteered to prepare a draft position paper for the OPSG in view of the public consultation deadline by 13 March.

AGENDA ITEM 3: UPDATE BY EIOPA

5. EIOPA ED informed the group about recent FSC meetings where i.e., the IORP climate stress test exercise received attention from MS representatives. The area of ESG should also be improved for pensions. Concerning the IORP II review, EIOPA will need to consider the willingness of Member States to adopt ambitious new rules in the context of a minimum harmonization Directive.

AGENDA ITEM 4: TRENDS IN CROSS-BORDER IORPS

6. EIOPA expert informed the group about the main findings of the EIOPA report on trends in cross-border IORPs. The report observed a further decrease in cross-border IORPs.
7. Members welcomed the report and mentioned that IORPs are still confronted with many cross-border obstacles.
8. During the discussion it was suggested to explore the possibility for employers to offer a PEPP, as this could boost IORP cross-border activities and facilitate the take-off of the PEPP market and possibly boost the activities of cross-border IORPs.
9. Members agreed to look at the problems that could explain why only two PEPPs have been launched so far, and to revert to EIOPA with a note on this matter. EIOPA welcomed this new initiative by the OPSG.

CONCLUSIONS AND ACTION POINTS

10. Jan Sebo agreed to take the lead of a Working Group to investigate the practical obstacles that potential PEPP providers face in launching the PEPP and to inform EIOPA about the OPSG findings and eventual recommendations. Members are invited to volunteer to join the Working Group.
11. Falco Valkenburg accepted to replace Lukasz Budzynski as leader of the Working Group responsible for preparing an own-initiative report on the development of a PEPP for the second pillar. OPSG members to volunteer to join this work.

AGENDA ITEM 5: CONSUMER TRENDS REPORT

12. EIOPA provided an update on the ongoing work for the 2022 Consumer trends report and thanked OPSG members for their input to the report. EIOPA outlined the key cross-sectoral and pension trends that were highlighted in this year's report.
13. Members welcomed the changes in the structure in this year's report. Members emphasized the importance of ensuring that also other aspects – e.g., value for money, quality of advice, the impact of rising interest rates and inflation, the importance of saving for the long term – are duly covered. For digitalization Members also made relevant suggestions on how to improve the report and potentially add some recommendations. Finally, it was suggested to analyse the impact of the market downturn on the contributions made in pension systems relying on auto-enrolment.
14. EIOPA also informed about the recent publication of its cost and past performance report that was welcomed by OPSG Members and some suggestions, towards the inclusion of risk aspects were made.

AGENDA ITEM 6: Updated version of OPSG advice on low interest rate

15. Onno Steenbeek presented his initial thoughts on the possible outline and main messages of the updated version of the OPSG advice to take into account in view of the rise in inflation and interest rates. Members discussed the different impact on DC (lower participation) and DB plans (reduction in assets offset by lower DB liabilities, cash-flow analysis vs mark-to-market approach). They also noted that the need to look at the shift to unlisted assets and at the effects on members, IORPs and sponsoring companies, separately, especially regarding the impact of indexation mechanisms. The need to enhance financial literacy was also highlighted. Members agreed to continue with the revision and the update of the latest version under the lead of Onno.

CONCLUSIONS AND ACTION POINTS

16. OPSG members to volunteer to contribute to the revision of the OPSG own initiative advice report on the inflation environment. The work is led by Onno.

AGENDA ITEM 7: SFDR work

17. EIOPA informed about the latest SFDR work. The ESAs are preparing a Consultation Paper for publication in Spring 2023, which relates to a new Commission's mandate to among others review the "Principal Adverse Impacts" framework and add decarbonisation targets to financial product disclosures.
18. EIOPA will also invite OPSG to make suggestions on whether other improvements are necessary from a pension's perspective.

AGENDA ITEM 8: CALL FOR ADVICE ON GREENWASHING

19. EIOPA presented its recent work and the timeline for the coming work on Greenwashing. Members welcomed the presentation by EIOPA and agreed on the importance of this work in particular regarding the consumers' lack of trust and the absence of an agreed definition of greenwashing and sustainable investment, forcing ESG product providers to use different methodologies to assess sustainability activity eligibility.
20. EIOPA sent to the OPSG on the 12 January 2023 a request for input on greenwashing covering the definition of greenwashing, its impacts and risks, and the specificities of greenwashing in the pension sector.
21. OPSG will provide EIOPA with more qualitative input than the one received via the Call for Evidence. Deadline is 13 March 2023.

AGENDA ITEM 9:DORA

22. EIOPA presented the latest work on the complex and challenging joint ESAs work on DORA.
23. OPSG Members welcomed the efforts made and some emphasised that the proportionality principle should be well applied to small IORPs in this respect.
24. OPSG members are invited to provide inputs to EIOPA as deemed necessary. Ioannis Tzanakos agreed to lead the OPSG work in this area.

AGENDA ITEM 10: ANY OTHER BUSINESS

The next OPSG meeting will take place on 23 March 2023 “online”.

MEETING CONCLUSIONS

AGENDA ITEM A: Welcome of Members to the joint BoS/OPSG meeting

25. The OPSG Chairperson welcomed all members to the joint BoS / OPSG meeting.

CONCLUSIONS AND ACTION POINTS

26. The draft agenda (EIOPA-OPSG-23-01) was adopted.

AGENDA ITEM B: APPROVAL OF THE AGENDA

CONCLUSIONS AND ACTION POINTS

27. The agenda was approved.

AGENDA ITEM C: IORP II REVIEW

28. EIOPA provided members with an overview of the recent IORP II review work affecting six defined areas.

29. OPSG Chair Bernard Delbecque then presented the OPSG advice delivered to EIOPA on those six areas. He stressed the following points:

- a. The adequacy of the governance and prudential requirements, which ensure a sufficient level of security for future pensioners, a sound, prudent and effective management, as well as the stability of the IORPs.
- b. The extremely low cross-border activity of IORPs confirming that the IORP II Directive has not succeeded in this area mainly due to local social and labour law, the fact that the majority should be defined in accordance with national law, the complexity of the system, and the heavy requirements to get cross-border transfers.
- c. The concern on the focus of the review in DC schemes in view of the fact that (i) the IORP Directive is not a product Directive and (ii) DC schemes can have different peculiarities in each Member State, and (iii) the existing governance and information requirements seem adequate.
- d. The positive impact of diversity and inclusion bearing in mind the legislation developed in EU to avoid being replicated.
- e. The importance of focusing on the quality of the implementation of the information requirements to ensure consumers understand the proposed information.
- f. The positive role that EIOPA could play in developing criteria and providing guidance on how Member States could apply proportionality in a more flexible way than today.
- g. Proposals to make IORP II more incisive on ESG.

EIOPA welcomed the work done by the OPSG in the different work areas of the review

AGENDA ITEM D: 2022 IORP climate stress test

30. EIOPA introduced the topic and presented the results of the IORP climate stress test exercise. In 2022, EIOPA carried out its first climate stress test for IORPs in the European Economic Area (EEA) to gain insights into the effects of environmental risks on the occupational pension sector.
31. The results of this pioneer work were published in December 2022 and showed sizable impact in the adverse scenario on the asset side of participants, indicating that IORPs have a non-negligible exposure to transition risks, especially in the form of investments in climate-relevant sectors.
32. OPSG member Stefan Nellshen then presented the OPSG's opinion on the results of the exercise.

33. EIOPA also provided an overview of the upcoming post-mortem analysis to gather feedbacks on the concluded exercise to identify positive aspects and areas for improvements.

OPSG Participants:

Chairperson: Bernard Delbecque (Belgium)

Vice-Chairpersons : Aleksandra Maczynska (Poland), Falco Valkenburg (Netherlands)

First name	Last name	Country	OPSG Category
Pauline	Azzopardi	Malta	Beneficiaries
Francesco	Briganti	Italy	IORPs
Łukasz	Budzyński	Poland/France	IORPs
Bernard	Delbecque	Belgium	Professional associations
Valdemar	Duarte	Portugal	IORPs
Bruno	Gabellieri	France	Employees
Christian	Gulich	Germany	Beneficiaries
Olav	Jones	Norway/UK	IORPs
Kęstutis	Kupšys	Lithuania	Beneficiaries
Christian	Lemaire	France	IORPs
Matti	Leppälä	Finland	IORPs
Elisa	Luciano	Italy	Academics
Aleksandra	Maczynska	Poland	Beneficiaries
Ute	Meyenberg	France	Employees
Flavia	Micilotta	Italy	SMEs
Jerry	Moriarty	Ireland	IORPs
Antonello	Motroni	Italy	IORPs
Stefan	Nellshen	Germany	IORPs
Philip	Neyt	Belgium	IORPs
Nele	Nys	Belgium	Employees
Janina	Petelczyc	Poland	Academics
Gertrude	Pils	Austria	Beneficiaries
Torun	Reinhammar	Sweden	Professional associations
Jan	Sebo	Slovakia	Academics
Onno	Steenbeek	Netherlands	IORPs
Ioannis	Tzanakos	Greece	IORPs
Falco	Valkenburg	Netherlands	Professional associations
Hans	Van Meerten	Netherlands	Academics