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# Implementation of the IORP II Directive: Governance and risk assessment

EIOPA Occupational Pensions Stakeholder Group meeting  
Frankfurt, 17 October 2018

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## **Why is the topic on the agenda?**

- Familiarise new OPSG members with planned work
- Provide information on OPSG engagement process early next year

## **What is expected from the OPSG?**

- OPSG members should ensure they have clarity on the planned process seeking to gather their views by Q1 2019

## **What are the next steps?**

- In mid-February 2019 EIOPA will share draft opinion(s) and seek OPSG views on specific questions by end of March
- EIOPA will finalise draft opinion(s) in light of OPSG response before submitting these for Board of Supervisors (BoS) approval in June
- EIOPA will provide reasoned feedback to the OPSG at July 2019 meeting

## **Supervisory opinion(s) addressed to National Competent Authorities (NCAs) on:**

- Governance documents, in particular on Statement of Investment Policy Principles (SIPP) and Own-Risk Assessment (ORA)
- Practical implementation of EIOPA's opinion on a common framework for risk assessment and transparency in relation to supervisory review process and ORA
- IORPs' assessment of operational risks including outsourcing risk and cyber risk
- IORPs' assessment of ESG risks

## What for?

- Promote a common supervisory culture
- Ensure consistent application of IORP II provisions
- Provide practical solutions to NCAs that can be adapted to their national supervisory framework

## How?

- Provide a set of principles with some explanatory text (guidance)
- Use examples or provide tools where relevant
- Set out EIOPA's supervisory expectations on the application of these principles, guidance and tools to assist NCAs in their national supervision and in the provision of national guidance

# Concrete example: guidance on SIPP



## **EIOPA peer review of SIPP**

- Improve link between investment policy and membership structure
- Clarify interaction between SIPP and other governance documents including ORA

## **EIOPA's supervisory expectations**

- Clear disclosure in SIPP of how IORPs have considered membership structure to formulate investment policy (principle) and what this may consist of (guidance)
- Minimum expected information in SIPP with cross-reference to other documents such as ORA (principle) to minimise burden and leave flexibility given diversity of SIPPs (guidance)

## **Purpose**

- Consider stakeholders' perspectives as part of finalising advice to NCAs
- Publication of OPSG response would follow publication of EIOPA opinion(s), also last opportunity for OPSG members to review response in light of the final advice

## **Focus OPSG views**

- Clarity and practicality of draft principles and guidance
- Usability of voluntary tools in relation to ORA (e.g. reporting template, illustrative risk mapping)

# Engagement process for gathering feedback



- Mid-Feb 19**
  - EIOPA to share draft opinion(s) with specific questions on which OPSG views are sought
  - EIOPA presentation at Feb meeting (tentative date) to initiate process and engage the OPSG
- End March 19** - Deadline for the OPSG to submit response on targeted questions
- Q2 2019** - EIOPA to consider final document(s) + prepare reasoned feedback
- July 2019** - EIOPA to provide reasoned feedback following BoS adoption