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Position Paper

Supplementary Pensions Package

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Introduction

SGI Europe welcomes the European Commission's Pensions Package, including the proposal to revise the Directive on Institutions for Occupational Retirement Provision (IORP II) and the review of the Pan-European Personal Pension Product (PEPP) Regulation, as well as the accompanying Recommendation on pension tracking systems, dashboards and auto-enrolment. These initiatives aim to strengthen supplementary pensions as part of a resilient and balanced European pension landscape.

In the context of demographic ageing, labour shortages and increasing pressure on public finances, occupational pensions play an important role in supporting retirement adequacy while contributing to long-term investment and European competitiveness, including in line with the objectives of the Savings and Investment Union.

As providers of Services of General Interest and major employers across Europe, SGI Europe members have a strong interest in well-functioning, sustainable and accessible occupational pension systems. These systems support workforce stability, the attractiveness of employment, and long-term planning in sectors that are critical for economic resilience and territorial cohesion.

At the same time, the development of occupational pensions must fully respect national competences, the diversity of pension systems, and the autonomy of social partners. EU action should focus on enabling and supporting existing and emerging national frameworks, rather than introducing prescriptive or one-size-fits-all solutions.

Against this background, while SGI Europe supports the overall objectives of the Pensions Package, it identifies significant risks in certain elements of the proposed revision of the IORP II Directive and the PEPP Regulation, which could undermine well-functioning systems, create additional administrative burdens, and reduce the flexibility needed to develop occupational pensions effectively across Member States.

Overall assessment

In many EU Member States, the occupational pension model is based on collective agreements, long-termism and cost-effectiveness. A shift from minimum harmonisation to more detailed EU regulation within IORPs entails a structural risk for the model. Several of the proposals move towards Solvency II-like requirements, which risks driving up administrative costs, reducing flexibility and limiting the role of social partners.

The proposal for IORP II introduces a significant increase in new regulations and appears outdated, failing to align with the EU Competitiveness Compass's fundamental ideas aimed at strengthening the economy through the reduction of administrative burden.

The cumulative impact of the proposed requirements, increased documentation, reporting, stress testing, and new governance functions, would significantly raise administrative costs and undermine the organization on national level which in some cases functions already well for over decades. New governance rules/functions would also impact the governance on national level which functions well, especially where Social Partners collaborate in the design and administration of the scheme. For smaller institutions these burdens may challenge long term viability. Regulation must not jeopardise well-functioning national models by imposing disproportionate obligations misaligned with their risk profiles.

At the same time, while the proposed changes to PEPP mainly concern adjustments to a voluntary third pillar product, notably the potential introduction of auto-enrolment, risk creating overlaps with occupational pension schemes based on social partner agreements, thereby affecting long-established systems.

No expansion of regulatory requirements without added value

The proposal introduces a broad range of new obligations in areas such as governance, sustainability, stress testing, investment, and information and reporting. These measures would increase both costs and complexity for occupational pension schemes and, indirectly, for the employers that finance them.

SGI Europe therefore opposes any expansion of regulatory requirements that increases administrative burden without clear added value. Such an approach is inconsistent with the European Commission's objective of reducing bureaucracy and risks weakening, rather than supporting, the development and uptake of occupational pension schemes.

SGI Europe is particularly concerned that:

- Many new requirements are being introduced or existing ones expanded, without any simplification of regulations, contrary to the current trend at the EU level in many areas;
- The revision of the PEPP regulation for individual pension products provides significant relief from existing requirements, promoting PEPP and its providers through streamlined demands and easier implementation.
- In contrast, the revision of the IORP II directive appears to incorporate a wide range of topics discussed in recent years, including the proposals from EIOPA (October 2023) on governance requirements, conduct rules, sustainability, information obligations, which have been largely taken up;
- The proposal introduces further elements such as scaling up, limiting proportionality, allocation and performance and benchmarking) which appear to align with broader EU's strategic priorities, including strengthening EU competitiveness and the Savings and Investment Union,
- As a result, no comparable relief is provided for IORPs and occupational pension schemes, nor is this pillar of pension provision promoted, resulting in an imbalanced approach across the different components of supplementary pension provision.
- The increase in regulatory requirements combined with the removal of size-related proportionality criteria risks driving market consolidation towards "larger units" and a "bigger is better" logic through a "Scaling Up by Regulatory Burden" effect. This raise concerns in terms of subsidiarity and is not appropriate in the context of diverse national pension systems
- Maintaining the minimum harmonization character of the IORP Directive is essential due to the strong anchoring of occupational pension schemes in national social and labour law. However, this approach risks being undermined by the expansion of delegated acts and EIOPA guidelines (including on information and capital requirements), increasing restrictions on national adjustments (such as supplementary investment rules) and the expansion of material requirements (e.g. stress testing).
- Several of the proposed requirements appear better suited to individual defined contribution pension schemes, where individuals bear investment risks and, where applicable, make investment decisions and may therefore not be appropriate for the full diversity of occupational pension arrangements.

Respect for collective bargaining autonomy and minimum harmonisation

Occupational pension schemes are, in many Member States, closely linked to collective agreements and jointly managed by social partners. It is therefore essential that EU legislation fully respects the autonomy of social partners in the design, governance and implementation of such schemes. This includes avoiding prescriptive requirements that would interfere with established industrial relations systems or limit the flexibility of collectively agreed arrangements.

Given the strong integration of occupational pension schemes into national collective bargaining systems, as well as social and labour law, it is essential to fully safeguard the autonomy of social partners. In this context, the principle of minimum harmonisation must remain a central feature of the IORP framework.

However, the current proposal raises concerns in this regard. In particular, Article 44b(1) introduces requirements that may interfere with the design, structure and implementation of pension schemes, even where these are defined through collective agreements.

While the provision formally refers to acting “without prejudice to” collective agreements, in practice it requires IORPs to assess and potentially adapt schemes based on regulatory criteria. This risks creating tensions with collectively agreed arrangements and undermining established industrial relations systems in several Member States.

Such an approach would run counter to the European objective of strengthening collective bargaining coverage and could weaken the role and legal certainty of collective agreements, which are protected under EU law, including the Charter of Fundamental Rights.

SGI Europe therefore calls for Article 44b(1) to be amended to ensure full respect for collective bargaining autonomy. In particular, it should be clearly stated that the results of collective agreements take precedence and are not subject to reassessment or modification under the Directive.

Article 4 Option / Expanding the IORP rules on Non-IORPs

Against the background of the above concerns on proportionality and regulatory scope, the proposal to extend the IORP framework beyond its current perimeter raises additional legal and policy issues.

- The introduction of an option in Article 4 for member states to extend IORP regulations to other capital-funded institutions that are not IORPs appears unnecessary and legally questionable.

- SGI Europe therefore supports the deletion of Article 4. If such an option were to be maintained, it should be strictly limited in scope and focus on institutions that offer individual defined contribution systems, where the risks of capital investment directly impact the insured individuals.

Investment rules, prudent person and ESG

SGI Europe supports a principle-based prudent person framework but has concerns about requirements that, in practice, could limit the ability of IORPs to pursue long-term and diversified investment strategies. The proposal that assets should, as a general rule, be listed, together with the restriction on providing guarantees, risks making investments in alternative assets more difficult and may undermine effective risk management.

Furthermore, the requirement to take sustainability preferences into account is problematic for actors that lack direct member contact, such as pension foundations. Foundations do not have beneficiaries, carry no pension liabilities, and do not administer pension plans. Their sole function is to hold assets as security for employer obligations. An overly rigid ESG regulatory framework risks becoming administratively burdensome without contributing to better results.

- SGI Europe considers that the current investment framework under the IORP Directive, based on the prudent person principle and fiduciary duty, is appropriate and does not require further amendment.
- In particular, the existing rules, combined with the possibility for Member States to impose additional quantitative requirements, already allow for adequate diversification and effective risk management of IORP portfolios.
- This possibility reflects the minimum harmonisation approach of the IORP Directive, which appropriately recognises the diversity of national systems and the need for flexibility in addressing specific risks.
- SGI Europe therefore supports maintaining Member States' competence under Article 19(6) to introduce supplementary national requirements, including for IORPs providing guarantees, where this is justified and proportionate.
- Limiting this possibility in the future to defined contribution (DC) schemes would be difficult to justify and would create unequal treatment between different types of occupational pension schemes.

Governance, proportionality and the social partner's model

The proposals for enhanced requirements on internal governance, compliance functions, diversity and documentation requirements must be applied proportionately. It is necessary to consider that, in many Member States, governance bodies are appointed by collective agreements and law and not by the IORP institution itself. Therefore, it is inappropriate to introduce detailed requirements based on the assumption that boards are recruited by the institutions. The proportionality principle must be clarified and explicitly cover size, risk and nature of the business. Pension foundations and smaller institutions should be able to rely on simplified governance arrangements schemes.

Specifically, SGI Europe notes that:

- There is a notable shift in the supervisory perspective aiming not only for "more efficient / larger" institutions but also pushing for higher returns with corresponding allocations, representing a significant change from the existing supervisory approach.
- The combination of increased regulatory requirements and the removal of size-related proportionality criteria risk encouraging market consolidation towards "larger units" creating a "bigger is better" dynamic driven by regulatory pressure.
- The goal should be good and efficient corporate governance of IORPs, which does not necessarily correlate with the size of institutions and should not be established as a supervisory target category.
- Therefore, size-related criteria (size of the IORP, balance sheet, internal organization) should not be generally abolished in proportionality criteria but should continue to be considered based on the nature of the requirement.

The introduction of concepts such as "scaling up" and "(under)performance/ benchmarking" as supervisory reference points raises concerns. The objective should be good and efficient corporate governance and capital investment by IORPs rather than promoting size as an end in itself.

The size of a pension fund should not be considered a policy objective in itself. Good investment outcomes depend primarily on strategic asset allocation, as well as the cost-efficient implementation of investment strategies and the effective selection of service providers.

While size may have some impact on cost efficiency, access to asset classes and economies of scale can already be achieved through outsourcing and the use of specialised service providers. This is common practice across European pension funds and allows smaller institutions to operate efficiently without the need to increase their size.

As a result, the assumption that larger institutions systematically achieve better performance is not supported. Without a clear analysis of the relationship between asset allocation and returns, conclusions based solely on size remain questionable.

The draft IORP III Directive mentions the topic of "efficiency and size" in many places and establishes the examination of "increased cooperation or outsourcing" and "underperformance" as a basic principle.

In the newly created "*Regular Supervisory Dialogue*" (Art. 49a), the supervisory authority is to discuss efficiency, size, and outsourcing (scaling up) as well as the long-term investment performance of the IORP. The supervisory authority shall create a "comparison website for IORPs" (Art. 51 (4)) on past performance and costs for at least the past 10 years. The IORPs themselves should provide detailed information to insured persons on the subject of "underperformance" and "benchmarking" (Art. 41a) and include the aspect of "efficiency/outsourcing/size" in their own risk assessment (Art. 28).

The removal of size-related proportionality criteria (number of employees, total assets, internal structure, and organization) should also be seen in this context, as the size of an institution will apparently be taken into account much less or not at all in the future if IORP requirements are applied proportionally.

From a practical perspective, the question arises as to where IORPs and supervisory authorities should obtain information on what constitutes a "good" size or grounds for outsourcing/cooperation/etc. EIOPA's analyses ("*EIOPA-BoS-25-420-Statistical annex on IORPs data*," pp. 22-25 – charts below) do not show that large IORPs in the EU systematically achieve higher returns than smaller institutions (presumably because there is already a lot of "outsourced" and service providers are involved) – this does not provide a clear argument for "scaling up" due to the clearly better returns. In the words of EIOPA (p. 28): "*For DB schemes, size appears to bring marginal benefits in terms of returns and significantly reduces volatility (…). For DC schemes, size correlates with lower average returns."*

Eliminating size as a criterion risk forcing all institutions, regardless of structure, to meet uniform and unnecessarily burdensome requirements. This would drive regulation induced consolidation and reduce diversity in the occupational pension landscape without corresponding benefits in terms of risk management.
IOPRs have a social function and the triangular relationship between the employee, the employer and the IORP is important and should be adequately taken into account. It is very important for us that the criteria “size” and “internal organization” are maintained. Many IORPs in Europe are operated on a non-profit base by the social partners. Requirements that mainly increase fixed costs disproportionately affect small IORPs. For these IORPs, the removal of “size” as a criterion would therefore represent a serious obstacle to fulfil their task of providing adequate pensions. At the same time, these institutions do not play a significant role in financial stability.

In addition to the governance functions already implemented, the Commission's draft also calls for a compliance function for IORPs. In practice, there has been no need to formally establish a compliance function. Compliance tasks at IORPs are integrated into existing governance functions (including risk management) and legal departments. A mandatory additional key function would significantly increase personnel and cost expenses. In view of the goal of reducing bureaucracy and strengthening the principle of proportionality, no new costly structures should be imposed that do not offer significant added value over existing control structures. Specific legal acts such as DORA also create new functions (in this case, an ICT risk control function), meaning that a higher-level compliance function is not expedient in terms of the cost-benefit ratio. Overall, therefore, no reduction in bureaucracy is achieved.

Finally**, Article 44a** introduces new conduct of business requirements. The benefit of this article is not clear, as the IORP Directive already reflect these objectives and Member States are required to transpose them into national law. Including such provisions risks creating unnecessary duplication and reducing regulatory clarity, the Directive should not contain any redundant articles.

The innovations for business organization (including key functions, etc.) and risk management (general RM and own risk assessment) introduced with the IORP II Directive 2016 are still appropriate, and no further changes are necessary.

Information requirements, PBS and underperformance

Several of the proposed information requirements risk introducing double regulation and high costs. A number of Member States already have well-functioning information structures, for example Sweden, via Min Pension and electoral centres, Germany with the Digital Pension Overview (DigiRü) as well as the Netherlands (Mijnpensioenoverzicht). Any new requirements must respect the once only principle, ensure interoperability with existing national systems, and avoid generating additional administrative burdens that provide no added value to members or beneficiaries New EU templates should therefore not be introduced if they duplicate existing schemes. Requirements to report underperformance must be designed so that benchmarking does not become controlling or lead to short-term investment decisions.

The significant expansion of information requirements for occupational pension schemes leads to increased workloads and higher costs for institutions, while for recipients, the increasing amount of information does not make it easier to focus on what is essential but rather leads to confusion and overload of information. Already the Final Report of the High-Level Group of Experts on Pensions (December 2019) stated that “there is a trade-off between the precision of pension information and its clarity.” (Report, p. 24). Provision of information alone is not sufficient to create pension awareness. “… If the information is not provided in an easy-to-understand way, it may not be conducive to taking optional decisions.” (Report, p. 37).

The authorization for delegated acts for uniform Europe-wide templates for pre-contractual information and pension statements (Art. 38 (6)) entails considerable effort without adding value for insured persons and beneficiaries. This information is regularly supplemented with additional national information due to labor law requirements, which cannot be covered by standardized templates and require additional effort to include. In terms of digitization, this is more of a step backward, as beneficiaries are given the right to choose the form of pension information (electronic or paper).

We doubt whether detailed information in pre-contractual information (Art. 41) and in annual information (Art. 43) on the performance of the investments linked to the pension scheme for at least the last ten years, particularly in the case of defined benefit plans, provides useful information for insured persons.

This information should also include all direct and indirect costs for the last twelve months (including the costs of the individual investment options) and an estimate of the impact of the costs on the final accumulated capital. The added value of this information (in defined benefit plans) and the conclusions to be drawn from it (in employer-financed plans without an "opt-out option") remain questionable.

It must be borne in mind that providing more information is of no benefit if members have no scope for action or decision-making, or if they are not contracting parties but "only" beneficiaries. It is also unclear whether the information provided allows for a comparison of the different providers. Depending on how this information is provided, it could also distort comparability.

Furthermore, there is a risk that increasing the information requirements will lead to a further increase in regulatory costs, including through the new tasks and powers of national supervisory authorities (which do not appear to offer any obvious benefits). This will also have a financial impact on service recipients.

In summary, SGI EUROPE notes the following:

- There is no reason to expand the general information requirements (Art. 38). Insured persons and pension recipients already receive a great deal of information. Just more (not “easy to understand”) information is difficult for them to comprehend.
- The introduction of standard templates for pre-contractual information and pension statements by means of delegated acts (Art. 38 (6)) should be avoided, as this would have enormous impact on insured persons and IORPs. All changes should be decided through ordinary legislative procedure.
- There should be no choice (electronic vs. paper) regarding the form of pension information.
- Detailed performance and cost statements for potential members (Art. 41) and in annual information (Art. 43) should only be required in cases where the benefit information is relevant (DC systems) or a "cost problem" is obvious. Furthermore, we consider the practical feasibility to be questionable in some cases, especially the breakdown of costs in the obligation to provide information to potential pension beneficiaries (Art. 41 (2b)) and advice on the advantages of payment options, taking into account the individual situation of the beneficiary (Art. 42).
- The new requirements regarding "underperformance" (41a) are conceptually questionable and counterproductive. Rather, they could lead to occupational pension schemes being viewed as unattractive because the information is misinterpreted.
- At the very least, Member States should have the option of deciding whether detailed information on "(under)performance" and costs is necessary or not.

Stress tests, ORA and supervision

SGI Europe has serious concerns regarding the proposal for standardized 10-year stress tests, as this risk functioning as indirect capital requirements, going beyond prudent person and creating Solvency II-like effects. ORA requirements must be proportionate and based on actual risk. Furthermore, SGI Europe considers that EIOPA’s role should not be expanded into operational supervision, and that supervisory responsibilities should continue to lie with national authorities.

The growing reliance on EIOPA guidelines and soft-law instruments risks shifting substantive rulemaking away from the legislator. Although formally non-binding, such instruments often become de facto mandatory through supervisory practice. To safeguard minimum harmonisation and national responsibility over occupational pensions, core requirements must remain in Level-1 legislation and not be delegated to technical standards or guidelines.

More specifically, article 18a introduces a stress test to be carried out every three years for institutions providing occupational pension schemes that offer guaranteed benefits or cover longevity risks, provided that they are not subject to risk-based capital requirements. The "stress test," which is actually a longer-term projection calculation covering at least ten years, specifies three rudimentarily described deterministic negative scenarios.

The valuation assumptions for the projections appear to be selected on the basis of the respective national accounting standards and do not contain any guidelines for a different valuation compared to Articles 13-18 (as can also be concluded from the context of Article 18a in Section "II Quantitative Requirements"). If the results of the stress test are insufficient, the supervisory authority shall require a convergence plan and may ultimately also set higher capital requirements, leading to a simplified version of the risk-based capital requirements.

Overall, this raises the question of what character and objectives this new Article 18a should have. The relationship between this new stress test and the "own risk assessment" (Art. 28 IORP II Directive) is unclear. The ERB clearly highlights the future financing situation, even under adverse conditions, in a long-term ALM context, but also includes possibilities for adjustment. Thus, the "natural" place in the IORP Directive for assessing long-term negative scenarios is the existing "own risk assessment" and not a new "stress test," which is actually also a longer-term projection calculation and, based on this questionable methodology, can lead to an increase in capital requirements. In addition, the EIOPA stress test and other regular supervisory instruments at national level (projection calculations, stress tests, etc.) also examine the coverage and financing situation in the event of negative developments. This approach therefore gives cause for concern.

Similarly, we see no added value for the Level II authorization for the EU Commission in Article 17(7) of the IORP III Directive to "change the figures and percentages" and thus generally adjust the level of solvency capital requirements across the board for all IORPs. The methodology described in Article 17, as well as the values and percentages contained therein and the resulting amount, have proven to be an appropriate level of protection over decades. Under no circumstances should the Level II authorization to adjust the "values" and "percentages" in the formulas should be used to introduce elements of "risk orientation through the back door," for example, by setting different values and percentages depending on different investment strategies or asset allocations, or by making a different reference to the asset or liability side.

Therefore, the **proposed stress test in Article 18a of the IORP III Directive and the Level II authorization in Article 7(7) of the IORP III Directive** should **be deleted for the following reasons**:

- There is no added value for increased capital requirements, either through a general increase via the Level II authorization in Art. 17)7) or on the basis of an additional 10-year projection calculation under Article 18a (supplementary or deviating from the "own risk assessment" and other instruments). The existing methodology and level of capital requirements have proven to be sufficient over decades. Ultimately resorting to "more capital" as a safeguard measure only makes occupational pension schemes more expensive and fails to recognize the long-term adjustment possibilities.
- If an increase in capital requirements is deemed necessary, the relevant provisions must be permanently regulated in the IORP Directive itself and not by delegated Level 2 legal acts, which can be amended more easily by the EU Commission.
- SGI Europe raises strong concerns with regard to linking scenario-based stress test results and the possibility of increasing capital requirements, which ultimately amounts to a shift in the required standards towards risk-based solvency capital requirements.
- Suitable instruments with appropriate methodologies for identifying long-term financing needs and initiating measures in this regard are already represented by the "own risk assessment", which takes into account appropriate negative scenarios in consultation with IORP and supervisory authorities, as well as other existing supervisory instruments (projection calculations, stress tests). They provide a meaningful review and control framework for evaluating scenarios and measures in a long-term context and responding accordingly.

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Position

PEPP

The PEPP proposals involve some easing, such as the removal of the 1 percent fee cap and more flexible product governance. Considering that 4 years after its introduction, the relevance of PEPP in EU Member States is low (only 2 PEPP's exist Europe-wide).
Additionally, and as already stated, the pension systems in the different Member States have been developed over a long period of time, each of them fitting in its place in that Member States system. The PEPP, with its intention to be a standardized solution product does not fulfil the requirement of 'fitting in'. The question should be asked the other way around: Why should somebody choose a product which is not 'fitting in' instead of a product which does?
Regarding PEPPs, it is essential to maintain a clear distinction between personal and occupational pensions, in order to avoid unintended interference with established workplace pension arrangements. Any revision of the PEPP framework should preserve this distinction and ensure coherence with national pension systems and three-pillar pension architecture.

While PEPPs may offer some value for highly mobile workers, their added value remains limited where tax-advantaged national personal or occupational pension solutions already exist. Low consumer awareness, the absence of employer incentives for workplace integration, and the fact that crossborder portability benefits only a relatively small segment of the workforce further constrain PEPP's potential. Expectations should therefore remain realistic. PEPPs may serve as a complementary solution for specific groups, but they are unlikely to play a substantial role in broad-based retirement provision or in achieving the SIU objectives. Policy efforts should prioritise strengthening occupational pensions and national personal pension systems with proven effectiveness and take-up.

Against this background, adapting PEPPs for occupational or workplace settings is unlikely to deliver tangible improvements in terms of coverage, adequacy, or efficiency. On the contrary, a workplace PEPP could fragment collective arrangements between social partners, undermine confidence in pension fund governance, and intensify competition with Paritarian institutions, which have demonstrated their ability to deliver adequate retirement income for members and beneficiaries. It is therefore essential that the design and implementation of auto-enrolment mechanisms do not interfere with existing occupational pension schemes or blur the distinction between second pillar and third pillar pension arrangements.

The overall imbalance in the regulation of supplementary pension schemes is particularly critical. While collective occupational schemes are being burdened with new obligations, individual pension products, in particular the Pan-European Pension Product (PEPP), are to receive considerable regulatory relief through the EU pension package and are also to be given additional tax incentives. The PEPP is a long-term savings product without lifetime benefits. All risks (investment and longevity risks) are shifted to the individual. There is also no collective risk sharing. However, the political objective of old-age provision should be lifelong pension payments, not just the savings process. The IORP III proposals therefore threaten to weaken precisely those systems that provide permanently stable pensions and are desirable from a social policy perspective.
SGI Europe stresses that PEPP must remain a pure third-pillar product. Employer affiliation and auto-enrolment must not be designed in such a way that PEPP is mixed with occupational pensions or risks undermining the parties' responsibilities and the collective agreement model.

Pension Tracking System (PTS)

PTS- related requirements should only be applied where such systems exist and must be fully interoperable with the existing schemes without requirements for new parallel data flows.
Common EU data formats must not create duplicate flows or require the redevelopment of existing, well-functioning structures. Any cross-border framework must clearly delineate the responsibilities of home and host authorities, ensuring that social and labour law in the host country always prevails. Without clear operational rules, institutions risk being caught between conflicting supervisory demands, which could delay processes, create double reporting, or incentivise forum shopping.

Conclusion

In light of the above, SGI Europe supports the objective of strengthening supplementary pensions in Europe, but considers that this should be achieved by building on existing frameworks rather than introducing additional layers of regulation.

The principles of subsidiarity and proportionality are fundamental to European law and must remain at the core of the IORP framework. Given the strong anchoring of occupational pension schemes in national social, labour and tax law, the current minimum harmonisation approach is essential and should be preserved.

In this context, it is important to recall the conclusions of the High-Level Group of Experts on Pensions (2019), which emphasised that occupational pension schemes fulfil a social function and can play a central role in ensuring adequate retirement income. The report also highlighted the need to support social dialogue and collective bargaining in the development of occupational pensions, while maintaining a minimum harmonisation approach that allows Member States sufficient flexibility to reflect national specificities.

A balanced approach is therefore needed to ensure that occupational pensions can continue to develop, contribute to long-term investment and support labour market stability, while fully respecting the diversity of national systems and the role of social partners. Occupational pension institutions should not be treated as purely financial service providers but recognised for their specific social function and governance structures.
In this context, the revision should be guided by the following principles:

- Maintain national flexibility and the minimum harmonisation character of the IORP framework
- Maintain national governance where it has proven to be effective and aim to strengthen the national governance in countries where it falls short
- Avoid Solvency II-like effects, in particular through standardised stress testing and excessive reporting requirements
- Ensure full proportionality, especially for smaller institutions and pension foundations
- Avoid duplication and overlap between EU requirements and existing national structures
- Prevent one-size fits all approaches for information provision like a European standard format
- Ensure that PEPP remains a voluntary third pillar product and does not interfere with occupational pension systems