European Pensions

Spring 2024

Regulation:

IORP II review

EIOPA's technical advice on the IORP II Directive was cautiously welcomed but concerns remain

Investment:

Real estate

The impact of a changing way of life on real estate investing

Sustainability:

Greenwashing

Regulators are yet to fully tackle investment greenwashing

Retirement outcomes:

Gender pension gap

What practical solutions can help lessen the impact of the gender pension gap?

Circling home

A look at the British government's push for UK pension funds to invest domestically

Plus:

Class actions guide

Appointments

News

THE WINNERS

www.europeanpensions.net

72 INTERVIEW - Impact Europe's Jana Bour
78 CASE STUDY - The State Pension Fund of Finland

PENSIONS Age CONFERENCES

PENSIONS AGE SPRING CONFERENCE

Thursday 18 April 2024 | HILTON LONDON TOWER BRIDGE

REGISTER NOW

For speaker/sponsorship opportunities email john.woods@pensionsage.com

Sponsored by:

www.pensionsage.com/springconference

@PensionsAge #PensionsAgeSpring - Organised by Pensions Age

Editor in Chief
Francesca Fabrizi

Editor
Natalie Tuck

Associate Editor
Laura Blows

Deputy Editor
Jack Gray

News Editor
Sophie Smith

Commercial
John Woods

Lucie Fisher

Tom Pickford

Design & Production
Amanda Scope

Accounts
Alina Sucsa

Circulation
perspectivesubs@dynamail.co.uk

Management
John Woods, Managing Director
Mark Evans, Publishing Director

Subscription rates:
£198 or €299 per annum

www.europeanpensions.net

2nd Floor,
5 Maidstone Buildings Mews,
London, SE1 1GN
ISSN 1753-5859

All rights reserved.
The views expressed in this journal are not necessarily those of the publishers.
Member of the PPA and the PLSA.

It is literally impossible to be a woman

"It is literally impossible to be a woman," according to the hit movie Barbie, which was the creative inspiration for our feature [page 67] this month on the gender pension gap. And while it is not impossible for women to save for a pension, it certainly seems impossible at the moment that we'll ever have gender equal pensions.

But we wanted to look at the solutions. Every year we are presented with the headline figure of just how big the gender pension gap is – around 33 per cent – and the cause; women's lifetime earnings are less than men's due to a multitude of factors, meaning that the amount women can pay into a pension is also typically lower than men's contributions. Too little, however, do we see answers as to how pension systems, and the industry, can contribute to narrowing the gap.

So, in honour of the upcoming International Women's Day (IWD) on 8 March, we investigated what could be done to help support women in retirement; many of the solutions, apart from increasing the access to pensions, were around spousal support, whether that be in the form of survivors' protection, or contributions. So for Barbie's sake, I hope it works out with Ken.

Keeping with this theme, we also spoke to pensions expert, Evalinde Eelens, about tackling gender inequality on Dutch pension boards [*page 80*]. Eelens provides insightful detail on how the inclusion of female board members is to the benefit of schemes. Sadly, she says that the progress being made in this area is slow.

"FOR BARBIE'S SAKE, I HOPE IT WORKS OUT WITH KEN"

Continuing our championing of women in the industry, we also speak to Impact Europe, head of policy and EU partnership, Jana Bour, who provides us with her career background and tells us about her work on impact investing.

But in the interest of equality, we spoke to the State Pension Fund of Finland (VER) CEO, Timo Löyttyniemi, [*page 78*] about the fund's challenges and successes, heard from the Swedish Fund Selection Agency (FTN) executive director, Erik Fransson, [*page 28*] on procurring funds for the Swedish pension system and talked to Pensions and Lifetime Savings Association (PLSA) deputy director of policy, Joe Dabrowski, [*page 21*] on the success of the UK's Pension Attention campaign. Enjoy reading!

Natalie Tuck, Editor

European Pensions has agreements with several associations to reach their membership. For details contact john.woods@europeanpensions.net

Contents

Spring 2024

General features

67 Barbieland: A pensions dream
Can practical solutions be implemented to help lessen the impact of the gender pension gap? Or is it all just a Barbieland dream? Natalie Tuck investigates

70 Carving out the detail
The review of the IORP II Directive took a significant step forward in September when EIOPA issued technical advice on how it should progress. But while the broad thrust of the advice was given a cautious welcome by the IORP community, concerns linger over some key issues

74 Flying steady through turbulence
Following a year plagued by economic uncertainty and geopolitical unrest, European pension sectors will be hoping for a less turbulent 2024. Jack Gray takes a look at the major developments expected in the pensions landscape this year

82 A changing landscape
In a post-pandemic world, the way people live, work and shop has changed but what does that mean for real estate investment? Sandra Haurant dives into the best investment strategies for pension funds today

84 Paint it green
Despite its best efforts, EU regulators have yet to successfully tackle greenwashing in the investment world. Lynn Strongin Dodds investigates

Country spotlight

18 Circling home
The UK pensions industry has faced increasing pressure to support the British economy, with a number of ground-breaking reforms proposed to help drive pension scheme money into productive finance assets. Sophie Smith reports

21 From a throwback to a look ahead
Pensions and Lifetime Savings Association deputy director of policy, Joe Dabrowski, takes a look back at the UK's 2023 cross-industry Pay Your Pension Some Attention campaign, and reveals some early thoughts on the campaign's plans for the year ahead

Contents

Industry voices

28 Mission possible: Improving returns for Swedish pension savers
Swedish Fund Selection Agency executive director, Erik Fransson, discusses the process of procuring funds for the Swedish premium pension system

72 An eye for Impact
Impact Europe's new head of policy & EU partnership, Jana Bour, explains how her background led her to the role, and how the organisation is making a difference

78 Strategy to success
State Pension Fund of Finland (VER) CEO, Timo Löyttyniemi, offers an insight into the challenges and successes of overseeing the government buffer fund

80 Tackling gender inequality on pension boards
Evalinde Eelens speaks to Francesca Fabrizi about why gender inequality still exists on Dutch pension boards, what the potential consequences are, and how it can be improved

Class Actions Guide

23 Company profile

24 Taking the lead
Use of class actions by investors seeking redress for losses due to inept or illegal corporate behaviour has spread beyond the borders of the US legal system into European jurisdictions. David Adams finds out why – and why some pension funds are playing a leading role

26 Expanding the toolbox: Securities litigation as a mode of corporate engagement
Pomerantz LLP partners Jennifer Pafiti and Daniel Summerfield explore how class actions can be used to hold companies and their management to account

Regulars

06 **News**

14 **Diary**

16 **Appointments**

86 **Pension talk**

Winners brochure

29 Irish Pensions Awards Winners Brochure

EIOPA raises concerns over IORPs' penetration; first risk dashboard revealed

THE UPDATES PROVIDE NEW INSIGHT INTO THE IORP LANDSCAPE

Written by: Natalie Tuck and Jack Gray

The European Insurance and Occupational Pensions Authority (EIOPA) has warned that the estimated penetration rate of institutions for occupational retirement provisions (IORPs) remains low, apart from in the Netherlands.

Its 2023 report on the cost and past performance of retail investment products in its remit covered more than 200 personal pension products (PPPs), and more than 1,400 IORPs.

"The estimated penetration rate of IORPs [*continues*] to be low when compared to the country GDP. The Netherlands, whose holdings represent more than 153 per cent of the country's GDP, emerged as an outlier as a result of a strong dependence on IORPs as the vehicle for occupational pensions. The vast majority of those employed in the Netherlands participate in an occupational pension scheme via schemes provided by IORPs, and this form of savings is also attractive... as it is tax favoured," EIOPA stated.

"For other countries, nevertheless, the occupational pension system can rely on other providers, such as insurance companies, banks and/or asset managers."

In terms of the data on IORPs, EIOPA said the information available has become more stable over the past year but reporting issues persist preventing a more granular analysis. Total assets of IORPs decreased to €2,486bn in 2022, from €2,799.8bn in 2021.

However, DC pension schemes totalled €527.6bn in 2022, up from €423.7bn in 2021, reflecting a continuous gradual transition towards DC schemes (+25 per cent), although they represent only 21 per cent of total IORP assets.

IORPs in six out of 18 member states hold more than 50 per cent in investment funds/shares, six out of 18 hold between 25 per cent and 60 per cent in government bonds.

"This might flag some lack of diversity in the asset allocation, which might pose future issues in case of distress in one of those markets," EIOPA noted.

This has not been the only area of concern for IORPs, as EIOPA also found that the objective of the IORP Directive to stimulate a robust internal market for workplace pensions "remains unfulfilled".

According to EIOPA, end of 2022 data showed that the number of cross-border IORPs active in the European Economic Area (EEA) has remained low and unchanged from the previous year. There are just 31 IORPs operating across borders.

"These findings, together with no indications for a rebound in the foreseeable future, suggest that the original objective of the IORP Directive to stimulate a robust internal market for workplace pensions remains unfulfilled," EIOPA stated.

Within the EEA, cross-border IORPs collectively represent approximately 100,000 members and beneficiaries, managing assets totalling around €10.6bn. Although there was a slight increase in membership compared to the previous year, a significant reduction in assets and liabilities occurred due to the closure of one IORP and weak financial market performance, the report stated.

Most cross-border IORPs are concentrated in only a few countries, with all cross-border IORPs originating from eight specific member countries. This is an increase of one member state from the previous year, stemming from the

establishment of the Latvian cross-border IORP.

Belgium maintains its position as the home country with the broadest geographical coverage, covering 14 different host countries. Meanwhile, the Netherlands continues to host the highest number of cross-border IORPs.

EIOPA also raised country-specific concerns, issuing a recommendation to the Registrar of Institutions of Occupational Retirement Provision (Registrar) in Cyprus, as it "failed to fulfil its obligation" to register IORPs.

The recommendation to the Registrar, responsible for supervising IORPs in Cyprus, was made by EIOPA on 19 December 2023 and included actions necessary to restore compliance. "The Registrar failed to fulfil its obligation as foreseen in the IORP II Directive to register these IORPs, that have been operating for several years without registration," EIOPA said.

According to the IORP II Directive, IORPs should be either registered or authorised by the national competent authority before they can be allowed to operate domestically and across borders. The registration or authorisation requirement is the fundamental requirement of the IORP II Directive to ensure the protection of members and beneficiaries and the good functioning of the internal market.

"The original objective of the IORP Directive... remains unfulfilled"

EIOPA acknowledged the Registrar has already taken some steps to address the issue during the investigation procedure and is processing the pending registrations.

All of this comes as EIOPA shared its first IORPs Risk Dashboard, revealing that their exposure to market and asset return risks is currently at a high level.

The dashboard, which will be updated on a quarterly basis, summarises the main risks in the IORPs sector of the EEA for DC and DB schemes, with a set of risk indicators covering traditional risk categories and emerging threats.

Currently, IORPs' exposure to market and asset return risks is at a high level, making this the most relevant risk category for the sector, given the still-high volatility in bond markets. Macro risks are at a medium level but EIOPA said there are positive developments related to a reduction in forecasted inflation, partially offset by a GDP growth outlook that remains weak by historical standards.

Liquidity risks are at a medium level but show an increasing trend compared to the previous quarter, driven by developments in derivative positions. The net asset value of IORPs' derivative positions went further into negative territory due to the continued increase of interest rates in Q3-2023. All other risk categories are currently assessed at a medium level, with increases expected for credit risks, as well as digitalisation and cyber risks, over the next 12 months.

News in brief

■ The **Finnish** Ministry of Social Affairs and Health has confirmed the occupational pension insurance contribution, according to the Employee Pension Act (TyEL), will be 24.81 per cent of salary in 2024. This represents a 0.03 percentage point fall on 2023, when the average TyEL fee was 24.84 per cent. The pension contribution for entrepreneurs will remain unchanged at 24.10 per cent, while the fee for people aged 53-62 will remain at 25.60 per cent.

■ The three **European Supervisory Authorities** have published the first set of final draft technical standards under the Digital Operational Resilience Act (DORA). DORA is aimed at enhancing the digital operational resilience of the EU financial sector by strengthening financial entities' information and communication technology (ICT) and third-party risk management and incident reporting frameworks.

■ The Pensions Regulator (TPR), in the **UK**, published its long-awaited General Code of Practice, which is set to come into force in March. TPR said that it is looking to challenge governing bodies to use the introduction of its new code as an opportunity to ensure their scheme is fit for the 21st century.

■ The volume of assets in the individual pension scheme system in **Spain** increased by 8.1 per cent in 2023, Inverco revealed. Assets rose by €6.34bn to €84.9bn during the year, primarily due to the "excellent" performance of the financial markets in 2023, which led to an improvement in returns. Variable income assets, such as equities, were the primary drivers behind the positive performance.

Financial bodies call for coordinated regulatory approach on SFDR

EUROPEAN FINANCIAL ASSOCIATIONS HAVE CALLED FOR BETTER COORDINATION WHEN REVIEWING SFDR RULES

Written by: Jack Gray

Several European financial associations have written to the European Commission to call for better coordination in the review and publication of new rules for the Sustainable Finance Disclosure Regulation (SFDR).

The European Commission is currently reviewing the draft Regulatory Technical Standards (RTS) released by the European Supervisory Authorities (ESA), alongside a broader and more fundamental review of the SFDR.

The letter, penned by the European Fund and Asset Management Association (EFAMA), European Banking Federation (EBF), Insurance Europe, European Savings and Retail Banking Group (ESBG), Alternative Investment Management Association (AIMA), Association for Financial Markets in Europe (AFME), and the European Association of Cooperative Banks, raised concerns about the "lack of coordination" between these two review projects.

In particular, it warned that this could put investors' confidence in sustainable investment solutions and the reliability of EU standards for sustainable disclosures at risk.

According to consumer tests by the ESAs, investors still struggle to understand the aim and context of disclosures, as well as their content.

The associations said it was therefore critical that the two reviews are fully coordinated to guarantee legal certainty and deliver a successful legislative process, preventing overlapping and doubling efforts.

They urged the European Commission to delay the adoption of the RTS measures and reconsider changes to SFDR holistically.

Furthermore, the associations argued that the industry would need appropriate grandfathering measures, and at least a year for implementation once any SFDR changes are finalised and published, to be adjusted upwards to align with the availability of underlying data and the breadth of the changes.

"The SFDR is a part of a larger set of regulatory initiatives (including the Corporate Sustainability Reporting Directive, Taxonomy Regulation, Corporate Sustainability Due Diligence Directive and European Single Access Point), which are interconnected, but the infrastructure between these different sets of regulation is still not in place and full Principle Adverse Impact reporting only started in June 2023," EFAMA stated.

"Hence, making changes to standards that have just been implemented is still premature.

"Instead, further feedback from the implementation of current requirements, and a consolidation exercise of the data infrastructure between the different sets of regulation, should take place to ensure that the regulation already in force works as intended, fulfils its purpose and creates value for investors.

"A period of stability is necessary to avoid confusion for financial market participants, consumers and investee companies."

Sweden's FI widens investigation into investments in Heimstaden Bostad

THE FINANCIAL SUPERVISORY AUTHORITY IS NOW INVESTIGATING A FURTHER FOUR COMPANIES' INVESTMENTS IN HEIMSTADEN BOSTAD

Written by: Jack Gray and Natalie Tuck

The Swedish Financial Supervisory Authority (FI) has announced it is widening its investigation into pension investments in real estate company Heimstaden Bostad.

Four further pension funds and companies are now under investigation: Folksam Liv, Folksam Sak, the Swedish Pensions Agency, and KPA Pension.

Having previously announced that it was investigating pension company Alecta over investments in Heimstaden Bostad in September, the FI revealed that it has now expanded this review.

The investigations centre around whether the pension funds and companies complied with regulations on due diligence in, among other things, the Insurance Business Act.

Its supervision also includes reviewing whether assets were invested in a "prudent manner".

The reviews will be conducted as five separate investigations, including the ongoing investigation into Alecta.

"We will now review whether the rules have been followed in connection with these investments," commented FI adviser, Ellinor Samuelsson.

"It is central to consumer protection. The regulations exist to secure and protect the money of policyholders and pension savers."

Commenting in response to the announcement, Folksam group chief of staff, Bjorn Nordin, said: "The Financial Supervisory Authority's investigations are important for trust in the financial sector and we will now assist the Financial Supervisory Authority in their review."

The investigation into Alecta's investments in Heimstaden Bostad was announced hot on the heels of another investigation into Alecta's investments, after the company lost SEK 20bn following a US banking crisis.

The former Alecta board chair, Ingrid Bonde, also resigned from her position in October 2023 in light of these investigations. The company is yet to confirm a new chair, having been recently forced to withdraw its nomination for Lars Rohde, after it became aware that Rohde will also accept to be proposed to another board in the near future. The committee subsequently decided that the two positions would not be compatible with one another for "competitive reasons".

It therefore withdrew the proposal for Rohde ahead of the extra board meeting on 6 February, and instead nominated former CEO of Handelsbanken, Carina Åkerström, for the position. The extra board meeting will take place at the end of February.

"Carina Åkerström is an excellent suggestion and was one of our two final candidates," said Alecta committee chair, Kenneth Bengtsson. "Carina Åkerström has deep and extensive experience in the Swedish financial sector. It is ultimately the concern for Alecta's integrity and reputation that makes us take this step.

"It is regrettable that Rohde did not inform us in time that he was involved in a board process in a company whose operations undoubtedly bear similarities to Alecta's."

The board's first vice chairman, Jan-Olof Jacke, has been acting as chair of the board until a new chair is elected.

"It goes without saying for me to stand up when I am asked to become chair of Alecta, even if I had not expected the question at this time," said Åkerström. "But sometimes unexpected things happen and I'm used to working flexibly. I look forward to leading Alecta's board and supporting the management in its change work if I am elected."

Irish DB schemes making 'good progress' on new regulations

THE IRISH PENSIONS AUTHORITY HAS SHARED UPDATES ON ITS SUPERVISORY WORK FOR THE YEAR AHEAD

Written by: Natalie Tuck and Sophie Smith

Irish DB schemes have made "good progress" in meeting the new standards of regulation, the Pensions Authority has said.

In its *Engagement and audit findings report 2023*, the authority said it continues to engage with large DB schemes and "broadly the schemes the authority met had made good progress in meeting the new standards".

During the year, the authority met with the trustee boards of several large DB schemes, where they focused on schemes' governance systems. The authority found that progress has been made towards meeting the enhanced governance standards. For example, the schemes had their scheme policies in place, had appointed their key function holders (KFHs) and had a structured approach for their trustee meetings and their decision-making.

All of the schemes that the authority met with had an objective of de-risking the scheme over time, either to address the scheme's approaching maturity and/or to reduce the reliance on the employer covenant.

Furthermore, all the trustee boards had regular engagement with the sponsoring employer on investment strategy, funding and the sponsor contribution commitment.

"The authority reminds all DB schemes that regular engagement with the sponsoring employer is required, and the authority reminds trustees that they must give priority to the best interests of the members in such engagements. The authority also expects an evidence-based view of the strength of the sponsor's covenant to the scheme to form a key component of the trustees' own-risk assessment," the authority said.

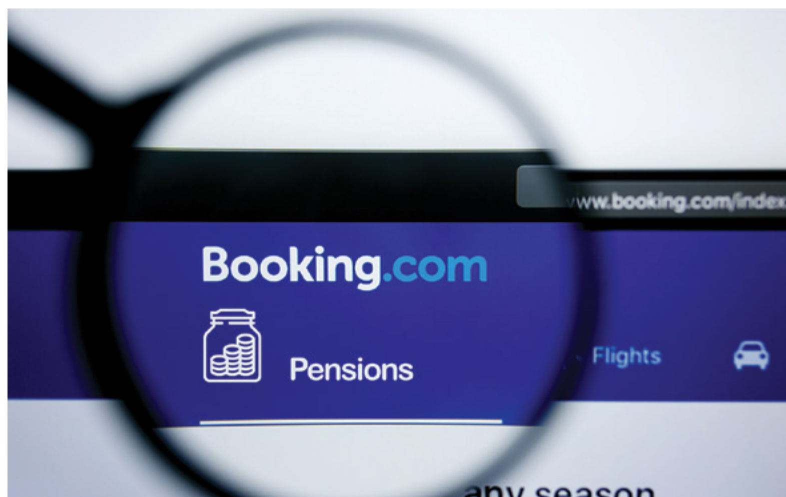
Trustees have been required to have KFHs in place since 1 January 2023 and to notify the authority of the outsourcing of a key function. A sample audit by the authority found that approximately 28 per cent of DB schemes audited had not appointed KFHs as they were in the process of winding up.

Sixteen per cent had not appointed KFHs as they were undergoing a review process with the sponsor that could lead to scheme wind up. A further 56 per cent had appointed KFHs but had not notified the authority of the outsourcing of the key functions.

In addition, DB schemes will be subject to the supervisory review process (SRP) in 2024. The authority said it expects all trustees and their advisers to carefully consider these findings and use them as a basis for evaluating their practices and making improvements where necessary.

The authority previously confirmed that its SRPs will begin in 2024, focusing on master trusts and large DC and DB schemes. This includes an assessment by the authority of a scheme's system of governance, the risks that the scheme faces and the ability of the scheme to manage those risks.

In line with this, the authority has now confirmed that it plans to commence its SRP programme in 2024, focusing on master trusts and large DC and DB schemes. Schemes selected for the SRP will be provided with information on the SRP process in advance.



Dutch Booking.com workers must be enrolled in industry pension scheme

THE COURT OF APPEAL IN THE HAGUE OPTED TO UPHOLD THE SUPREME COURT'S 2021 RULING ON THE ISSUE

Written by: Natalie Tuck

Workers at Booking.com in the Netherlands must be enrolled in the Dutch pension scheme for the travel industry, the Court of Appeal in the Hague ruled in January.

In April 2021, the country's Supreme Court ruled that Booking.com is a travel agent, albeit online, and therefore workers must be enrolled in Bpf Reisbranche, the travel industry pension scheme, now Pensioenfonds PGB.

Booking.com appealed the earlier decision by the Supreme Court, arguing that it is primarily an IT company. The Court of Appeal does not agree with this, however, instead ruling in favour of the Supreme Court that Booking.com is a travel agent and is obliged to participate in the industry's pension scheme.

Commenting on the ruling, AF Advisors consultant and Utrecht University researcher, Jorik van Zanden, explained: "The judge ruled that Booking.com falls under the scope of a mandated pension fund, due to the fact that Booking.com is active in the travel industry. Booking.com, however, argued that they should be considered an IT company due to the fact that they mainly manage the platform and not actually travel services.

"The judge ruled that this was not the case and that Booking.com, under sectoral rules, should have entered the travel industry pension scheme back in 1999 when the company was founded, resulting in an expected amount of around €400m in owed premia.

"What is remarkable is that Booking.com did in fact have a pension scheme for its employees in place, rendering the question what should happen with that already accrued capital at a different pension provider.

"Booking.com is considering its next moves, but the ruling shows that companies should pay close attention when hiring employees right from the beginning as Dutch judges often rule in favor of the pension funds, resulting in having to pay premia retroactively."

Following the ruling, the Federation of Dutch Pension Funds said it "is clear that companies must carefully assess whether they must join a pension fund and whether they must register workers".

In response to the judgment, a spokesperson for Booking.com said: "We are currently working through the available options and next steps as a result of this ruling, but regardless of how our pension plan evolves, our commitment to providing a competitive overall total rewards package for our people remains our guiding principle and priority.

"As a global tech company, we believe that having the flexibility and autonomy to tailor our overall total rewards package, including our pension plan, to meet the needs of our diverse, international workforce is a key aspect of attracting and retaining the world's top talent, which also ultimately benefits the broader tech and startup ecosystem in the country."

Adding to this, Pensioenfonds PGB said: "We are pleased that there now seems to be clarity in this matter for all involved. We will study the judgment carefully and determine further next steps on the basis of it."

In other news, the average Dutch funding ratio increased to 116 per cent over the month of January, the latest figures from Aon Netherlands revealed. In addition, the policy funding ratio, which is the average of the funding ratio over the past 12 months, stabilised at 119 per cent.

Romanian govt urged to stick to planned pillar II contribution rise

THE APAPR WARNED THAT POSTPONEMENT WOULD "BLATANTLY CONTRAVENE" PROVISIONS OF THE RECOVERY PLAN

Written by: Jack Gray

The Association for Privately Administered Pensions in Romania (APAPR) urged the government to stick to the original date of 1 January 2024 for the increase in the pillar II private pensions contribution rate.

The contribution rate for pillar II pensions was scheduled to rise from 3.75 per cent to 4.75 per cent at the start of this year. However, the APAPR said it had learned that the government intended to postpone the increase again until 2026.

The association said that the postponement proposal "blatantly contravenes" the provisions of the recovery and resilience plan (PNRR), milestone 213 of the financial consolidation of pillar II, which it noted was considered resolved as early as March 2022 and for which the Romanian government has already received the money from the European Union related to the corresponding tranche of the PNRR.

It added that, according to the original law, the contribution rate was supposed to reach 6 per cent of Romanians' gross income as early as 2016, but this level was never reached and the law was not enacted.

"Postponing again and again the increase of the pillar II contribution is to the detriment of all active employees in Romania, who work, pay their fees, taxes and contributions and who have legitimate expectations for a decent pension, including pillar II," the APAPR stated.

"In the constitutional spirit of the welfare state and the balance of the fiscal burden, the government is obliged to allocate public funds not only for the payment of today's pensions to Romania's seniors, but also to allow the active generation to secure a better financial future, including through the second pillar of private pensions."

Pillar II in Romania currently manages around €25bn across eight million pension savers. The APAPR appealed to the government to comply with the legislation in force and previous commitments to the European Union, and increase the contribution rate of pillar II pensions to 4.75 per cent from 1 January 2024.

However, the APAPR cautioned the government against other pension changes, with concerns that a proposed amendment currently being considered could exclude nearly a million workers from the country's pillar II system.

In Article 35 of the new draft pension law, the provision currently in force is proposed to be replaced by a provision that maintains only employees in the system, not those who are self-employed or have mandate contracts.

However, APAPR said that the legislative amendment would exclude almost a million self-employed workers, civil servants and managers employed with mandate contracts.

It noted that this new exclusion from pillar II would add to the one million employees unable to access pillar II with future contributions until 2028, including those in the construction, agriculture and food industries.

APAPR stated that while the change seems minor, the replacement of an 'or' for an 'and', would produce "dramatic effects" for almost a million Romanians and the pillar II system.

The proposed change is present in paragraph two, which refers to the contributions transferred to pillar II, but not paragraph one, which refers to the contributions transferred to the public pension budget.

US considers new fiduciary rule

THE US DEPARTMENT FOR LABOR IS WORKING ON PLANS FOR A NEW RETIREMENT SECURITY RULE

Written by: Sophie Smith

The US Department for Labor has outlined plans for a new Retirement Security Rule, which would redefine who is an investment advice fiduciary under the Employee Retirement Income Security Act (ERISA).

The proposals aim to protect retirement investors by requiring firms and people who provide retirement investment advice for a fee, or other compensation, to adhere to high standards of care and loyalty, and generally avoid engaging in transactions where they have unchecked conflicts of interest that could lead them to favour their own interests at the retirement investor's expense.

That means that if a retirement investor receives investment advice from a firm or person and compensates that firm/person for providing that advice, the retirement investor has the right to expect that the person providing the advice is going to act in the investor's interest, and not in the advice provider's own interest.

Plans for the new rule were framed as part of the Biden Administration's efforts to eliminate "junk" fees in the consumer financial markets, although experts have suggested the impact of the new rule would be much broader.

APRA shares superannuation update

NEW DATA SHARED ON AUSTRALIAN SUPERANNUATION FUNDS

Written by: Sophie Smith

The Australian Prudential Regulation Authority (APRA) has released the latest *Annual Superannuation Bulletin*, providing an overview of the superannuation industry and information on funds, membership profile, key financial performance metrics, financial position, fees and expenses.

This revealed that total superannuation assets stood at AUD 3,570bn, while total APRA-regulated assets stood at AUD 2,468bn, including AUD 995bn in MySuper products.

The APRA is also currently consulting on minor and consequential amendments to the

superannuation prudential framework. In the consultation, the APRA outlined that the proposed changes follow financial reporting and auditing reforms for superannuation set out in the Treasury Laws Amendment (2022 Measures No. 4) Act 2023.

News in brief

- Sixty-three per cent of the USD 845bn rolled over from **US DC plans** in 2022 were rolled into individual retirement accounts (IRA) with the assistance of a financial adviser, research from Cerulli found. The survey showed that participants are often reliant on their plan adviser for guidance regarding rollover decisions. More than two-thirds (70 per cent) of retirement specialist advisers say participants in their DC plans frequently ask them questions about IRA rollover decisions.

- The **Ontario Teachers' Pension Plan Board** updated its Proxy Voting Guidelines, revealing new heightened expectations of Audit Committees. This includes climate literacy as a core competency, as the board argued that climate-related impacts must be evaluated when reviewing budgets and performance. The guidelines also include measures aimed at long-term value creation and effective corporate governance.

- The gap between **global asset managers'** climate assertions and evidence of action remains "painfully wide", according to analysis from Redington. Redington's fourth annual survey found that, overall, 86 per cent of strategies now measure climate-related risks and opportunities.

- The **US Department of Labor** obtained a court order to protect retirement assets, after its investigation determined that RiversEdge Advanced Retirement Solutions had violated the Employee Retirement Income Security Act. It also found that the defendants allegedly attempted to conceal the embezzlement when they issued fraudulent account statements to the retirement plan.

Diary dates 2024

The latest events occurring across the European pensions market

PLSA INVESTMENT CONFERENCE
27-29 February 2024
EICC, Edinburgh
The PLSA Investment Conference returns with a new slot in the calendar, as the first PLSA conference of the year. It will aim to bring the full investment chain together to discuss big challenges and sector-specific issues, as well as sharing best practice. Confirmed topics include the urgent need to invest in biodiversity, why diversity is important in decision making, how pension funds are combating climate change, and more. Delegates will also have the opportunity to network with their peers and create new connections.
PLSA.CO.UK/EVENTS

PENSIONS AGE SPRING CONFERENCE
18 April 2024
Hilton London Tower Bridge
The Pensions Age Spring Conference offers pension funds and those working in the pensions sector the opportunity to learn and network alongside their peers at one of the most dynamic times in UK pensions history. Looking at the Chancellor's Autumn Statement revelations, rising cost-of-living and regulatory pressures, and how DB schemes can best plan for the years ahead, wherever they are on their de-risking journey. It will also include insight from British Pensions Minister, Paul Maynard, on the latest UK policy developments.
PENSIONSAGE.COM/AWARDS

EUROPEAN PENSIONS AWARDS
4 July 2024
London Marriott Hotel Grosvenor Square
Now in its 17th year, the European Pensions Awards were launched to give recognition to and honour the investment firms, consultancies and pension providers across Europe that have set the professional standards in order to best serve European pension funds over the past year. The awards are free to enter and open to any pension fund or firm that serves European pension funds. The deadline for entries is the 8 March and the shortlist will be announced in April before the gala dinner in July.
EUROPEANPENSIONS.NET/AWARDS

Not to miss...

IAPF INVESTMENT CONFERENCE
13 March 2024
CCD, Dublin
iapf.ie/event

PENSIONS EUROPE ANNUAL CONFERENCE
25 April 2024
AG Campus, Brussels
pensionseurope.eu/events

IRISH PENSIONS AWARDS
20 November 2024
The Round Room at the Mansion House
europeanpensions.net/irishawards

EIOPA CONFERENCE 2024
November 2024 (TBC)
TBC
eiopa.europa.eu/media/events

Approved Retirement Funds from Aviva

Our Approved Retirement Funds (ARF) give you flexible options to invest at and after your retirement with tailored investment options to suit your needs.

- ✔ **Competitive and transparent charges**
- ✔ **World class investment managers**
- ✔ **Online access to view your policy**

Talk to your Financial Broker today or log onto aviva.ie/arf

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: If you invest in these funds, you may lose some or all of the money you invest.
Warning: This fund may be affected by changes in currency exchange rates.

For pensions that work for you. It takes Aviva.

Aviva Life & Pensions Ireland Designated Activity Company, a private company limited by shares. Registered in Ireland No. 165970. Registered office at Building 12, Cherrywood Business Park, Loughlinstown, Co. Dublin, D18 W2P5. Aviva Life & Pensions Ireland Designated Activity Company, trading as Aviva Life & Pensions Ireland and Friends First, is regulated by the Central Bank of Ireland. Tel (01) 898 7950 www.aviva.ie.

People on the move...

The latest news and moves from people within the European pensions industry

If you have any appointments to announce please contact natalie.tuck@perspectivepublishing.com

MADS KAAGAARD

Mads Kaagaard has taken over as chief executive of Danica Pension. He joins from PFA, where he was most recently group CEO. Kaagaard is a civil engineer and has past roles at Nordea and the Boston Consulting Group. He succeeds Søren Lockwood, who was asked to remain in the post by then chair of the board, Glenn Söderholm, until a permanent replacement was found.

KELLY HÉBERT

M&G Investments has appointed Kelly Hébert as head of France, adding to her existing responsibilities of leading Belgium and Luxembourg. Hébert will be responsible for driving further growth in France. Having joined the business in 2014, Hébert was appointed head of M&G in Belgium and Luxembourg in 2018. She has been deputy head of France since 2021 and replaces Brice Anger in her new role.

JERRY MORIARTY

PensionsEurope has appointed Jerry Moriarty as its new chair, succeeding Janwillem Bouma. Moriarty, who is the CEO of the Irish Association of Pension Funds (IAPF), was elected in November 2023 during the PensionsEurope AGM. Moriarty is well known in the European pensions sector and is also a member of the Occupational Pensions Stakeholder Group (OPSG) at the European Insurance and Occupational Pensions Authority (EIOPA).

JULIE DAVENPORT

LifeSight Ireland Trustee DAC (LITD), the trustee to WTW Ireland's DC master trust, has announced the appointment of Julie Davenport as independent director. With over 40 years of experience in the financial services industry in Ireland and the US, Davenport has held senior executive positions in large multinational organisations with roles in technology delivery, middle and back office operations, and risk and compliance.

JARKKO HEIKKILÄ

Finnish earnings-related pensions provider Elo has announced the appointment of Jarkko Heikkilä as chief risk officer and member of the management team as of 1 January 2024. He is responsible for Elo's comprehensive risk management and will support the implementation of Elo's strategy and the continuity of operations. Previously, Heikkilä worked as head of risk management at Elo.

PAUL MAYNARD

MP for Blackpool North and Cleveleys, Paul Maynard, has been appointed as the UK's new Pensions Minister at the Department for Work and Pensions (DWP). His appointment was announced following the news that former Pensions Minister, Laura Trott, had been promoted to the role of Chief Secretary to the Treasury as part of Prime Minister, Rishi Sunak's, latest ministerial reshuffle. Maynard was elected as an MP in May 2010.

MICHELLE OSTERMANN

The UK's Pension Protection Fund (PPF) has announced the appointment of Michelle Ostermann as its new CEO, succeeding Oliver Morley, effective from 1 April. Ostermann, who is also the International Centre for Pension Management chair, brings over 30 years of pension investment and senior leadership experience to her new role at the PPF. She has also held several other senior positions, notably at Railpen Investments.

STEEVE BRUMENT

Candriam has appointed Steeve Brument to the role of global head of alternatives. Brument, previously head of multi asset quantitative strategies and deputy head of multi asset at Candriam, has held a 25-year career in the industry, including a 20-year track record as fund manager at Candriam. In this new role, Brument will work with a team of 34 investment professionals dedicated to alternative investment solutions.

DAVID HINTON

SEI announced the appointment of David Hinton as chief operating officer (COO) of SEI Investments (Europe) Limited (SIEL), reporting to SIEL CEO Jim London. Hinton will be responsible for managing SIEL's operations, technology, and the delivery of services. With more than 15 years' experience in financial services, Hinton most recently served as deputy COO for FNZ Group. His other roles included several positions at Barclays.

MAARIT SELIN

The Finnish Centre for Pensions (ETK) has appointed Maarit Selin as director of information management and member of the management group as of 1 March 2024. She will be responsible for the register services and information management at ETK. Selin joins ETK from her previous position as senior sales executive at eSystems Nordic. Selin has a career in various management and customer tasks within the IT field.

JACOB LESTER

Denmark's ATP has appointed Jacob Lester as its chief risk officer (CRO). He will also become a member of the executive management, and will assume responsibility for ATP's risk management function. Previously serving as the head of risk and senior vice president in pensions and investments at ATP, Lester has been with the organisation since 2019.

COUNTRY SPOTLIGHT | GREAT BRITAIN

Circling home

The UK pensions industry has faced increasing pressure to support the British economy, with a number of ground-breaking reforms proposed to help drive pension scheme money into productive finance assets. Sophie Smith **reports**

WRITTEN BY **SOPHIE SMITH**

Exactly where pension savings are being invested has been an area of growing scrutiny in recent years, and understandably so – the idea that pension savings could be working to not only provide individual savers with a better retirement, but also create a better landscape and world for those savers to retire into – what better win/win could there be?

Whilst previous years have seen growing focus on the environmental, social and governance impact pension money has had, the past year has instead focused on the need to support local economies, as UK pension schemes were challenged to invest in the British economy and support growth closer to home.

It's perhaps unsurprising that British pension scheme investments have faced growing pressure in this area, as research from Atomico previously found that Nordic pension funds are now investing more in UK start-ups than their British counterparts.

In particular, the research found that pension funds from Denmark, Finland, Iceland, Norway and Sweden collectively contribute USD 88m to UK start-ups, compared to USD 49m from the UK and Ireland combined. In addition, the report found that, generally, UK pension funds only represent 5 per cent of funds committed to venture capital.

But this trend could be set to change, as the UK Chancellor, Jeremy Hunt, announced a number of measures over the past year designed to 'unlock' pension scheme money to encourage greater investment in the UK. This includes plans to push pension schemes towards greater consolidation, a compact designed to encourage DC

schemes to invest more in unlisted equities, and potential changes to DB scheme surplus rules.

The pensions industry has been quick to stress that pension benefits are not a political fund, but are there to pay members the retirement benefits they have been promised and saved for.

However, Pensions Management Institute (PMI) director of policy and external affairs, Tim Middleton, argues that while there are those who believe that it is not ultimately a responsibility for trustee boards or the pension system to provide active assistance to the UK economy, "it is nonetheless right for us to look into this and see the role that this sort of asset could play in a DC portfolio".

"It is not going to make a huge dent in the existing strategy that trustees have, but it is something that we expect to be mutually beneficial," he continues.

Middleton is not the only one to adopt this view, as the UK government has suggested that the changes could increase pensions by over a £1,000 a year in retirement for an average earner who saves over the course of a career, whilst also "unlocking" up to £75bn of additional investment.

Ready for the challenge

And industry organisations have already begun to rise to the challenge, as support for the Mansion House Compact, a voluntary pledge to allocate 5 per cent of assets in default funds to unlisted equities by 2030, has continued to grow since it was announced in the summer of 2023. The Pensions and Lifetime Savings Association (PLSA) also recently announced that its top strategic priority for 2024 will be the role that pension schemes can play in supporting the UK economy.

Indeed, Now Pensions director of public affairs and policy, Lizzy Holliday, says that she fully supports the idea that the right illiquids could provide diversification in master trust default funds and generate positive returns for members over the long term, emphasising however, that there are broader opportunities to be explored across the entire investment landscape.

"We believe the illiquids agenda could be expanded to consider a wider asset allocation than the unlisted equity emphasis in the Mansion House Compact to allow for more flexibility for pension schemes and to increase the range of assets which could be invested in under the compact," she explains. "For example, private credit and impact investing."

However, Society of Pension Professionals (SPP) investment committee immediate past chair, Natalie Winterfrost, says that often the most appealing investment and growth opportunities are outside of the UK.

Meeting growing demand

And, barriers to more local investments remain, as Winterfrost says that more focus is needed on the supply side and how policyholders can ensure UK growth opportunities offer those attractive return characteristics.

"With a lack of government guarantees on infrastructure projects and the potential for very significant construction overruns, it is difficult to see why many pension funds would take the risk," she continues.

"While it is DC rather than DB, with its growth requirements and long-term investment horizon that has the most potential to consider growth funding, there are still practical problems to grapple with that the introduction of long-term asset funds (LTAFs) hasn't quite 'cured'."

In particular, Winterfrost raises concerns around performance-related fee issues, noting that even if the draft guidance on excluding these from fee caps does get finalised, fairly attributing these across members who will enter and exit the investments at different times remains challenging.

"DC schemes largely use investment platforms and can therefore only select the funds on these platforms," she adds. "These platforms were set up with liquid daily traded funds in mind."

Some changes are clearly needed to facilitate the push towards productive finance, as PLSA director of policy and advocacy, Nigel Peaple, also stresses the need for a stream of high-quality investment assets suitable for pension fund needs. He states: "Fiscal incentives should be introduced that make investing in UK growth more attractive than competing assets; a bill to enable the growth of DB superfunds; DC pension funds should focus less on cost and more on performance; and pension contributions should rise from 8 to 12 per cent over the next decade – equally split by employer and employee."

But, if anything, recent regulatory updates seem to be moving further away from this, with the new DB funding regime prompting particular concern amongst industry experts.

The government just recently published the final regulations for the code after significant delays, and whilst industry experts have welcomed the revisions made, concerns over the level of flexibility in the long term have persisted, with some warning that the regulations could be at odds with the government's productive finance push.

Mixed messages?

Commenting shortly after the UK government published the final regulations, LCP partner, David Fairs, warned that not providing further flexibility for pension schemes in the long term could be a challenge for some scheme sponsors, and arguably is at odds with the government's Mansion House agenda.

"Given that the code is expected to ensure members receive their full benefit with a high level of probability, there is a real likelihood that some schemes will end up with trapped surplus," he continued. "Ways of accessing surplus should become a priority for government if it wants pension schemes to support its productive finance agenda."

WTW head of pension scheme funding, Graham McLean, shared these concerns, stating that while some of the tweaks may help the regulations to better support the productive finance agenda, "the suggestion that schemes will have freedom over investment is more implicit than it needed to be, and it is hard to see anything in the final regulations which fulfils the promise to 'make it explicit that there is headroom for more productive investment'".

"WITH A LACK OF GOVERNMENT GUARANTEES ON INFRASTRUCTURE PROJECTS AND THE POTENTIAL FOR VERY SIGNIFICANT CONSTRUCTION OVERRUNS, IT IS DIFFICULT TO SEE WHY MANY PENSION FUNDS WOULD TAKE THE RISK"

A spanner in the works?

Despite the technical details and barriers that need further work, industry experts seem convinced this is the direction of travel for the UK pensions industry, with even the upcoming general election unlikely to jeopardise the ongoing efforts to get more pension scheme money invested in the UK.

Indeed, the Labour Party recently revealed plans to undertake an in-government pensions and retirement savings review if it is elected at the next general election, which would look to identify and address the barriers to schemes investing more into UK productive assets.

"Regardless of the outcome of an election, there is likely going to be a continued push from government towards greater investment in productive assets/UK growth," Holliday says. "This is a key focus for both the Conservatives and Labour Party.

"Labour intends to conduct a review on this matter if it is elected – but indications are that it will pursue this question. This likely diminishes any significant uncertainty that an election might otherwise have created."

Peaple agrees, stating: "There is a clear interest across all major parties to improve UK growth, and in the role institutional investors can play in supporting that. We expect to see continued debate and changes to the regulation of financial markets to achieve this goal. Given the strong commitments Labour has made towards the green transition, we would expect this to be a key area of focus also."

But whilst the UK political landscape is united on the push towards more domestic investment, it is less clear whether a similar trend could emerge across Europe more broadly.

Middleton says that pensions culture on the mainland tends to differ significantly from that of the UK, so it is difficult to make direct comparisons with the strategy pursued in the UK.

As a broad principle, however, he agrees that governments would prefer to see funded pension systems doing more to support the domestic economy.

Peaple agrees that while issues facing individual nations and within the Eurozone will be different, there is an "enormous need for capital to support the green transition and also to support improved growth in Europe".

"It is highly likely that many countries will look to leverage the strength of institutional investors to aid this," he says.

Old habits die hard though, as Holliday warns that the shift to global investing will be hard to reverse across Europe, with pension savers reasonably expecting to focus on return opportunities rather than delivering a political agenda.

The direction of travel is set and the journey has begun, but for the time being, it is a case of watch this space in the UK, with updates and developments coming thick and fast since the start of the year.

PLSA

From a throwback to a look ahead

Pensions and Lifetime Savings Association deputy director of policy, Joe Dabrowski, **takes a look back at the UK's 2023 cross-industry Pay Your Pension Some Attention campaign, and reveals some early thoughts on the campaign's plans for the year ahead**

From the UK grime scene in 2022 to a vibrant throwback gameshow set in 2023, the Pension Attention campaign has been on an unexpected journey over the past two years. As we head into 2024, the pension megaphone will be looking for a destination as campaign planning begins.

Campaign under the mallet 2023

Last year's campaign was infused with a splash of colour and bags of children's television enthusiasm, as our latest collaboration took the Pay Your Pension Some Attention campaign on an energetic journey back to the 80s and 90s. Teaming up with beloved childhood icon, Timmy Mallett, we infused a dash of Wacaday wisdom into the realm of pension planning, adding some nostalgic charm to boost awareness and encourage engagement.

The campaign led viewers to wonder, "have I really been putting off decisions about my pension for that long?" urging them to look back to yesterday and uncover those long-forgotten pension pots.

The campaign was led jointly by the Pensions and Lifetime Savings Association (PLSA) and the Association of British Insurers (ABI), and backed by household names in the pensions industry.

Mallett reached millions through social media channels, digital billboards and radio ads on 80s and 90s stations. The campaign also earned significant coverage in national and regional newspapers, on the radio, in pensions trade press and glossy magazines like *Heat* and *Good Housekeeping*.

But where the campaign could be found was not as important as how it impacted behaviour. Post-campaign surveys revealed a whopping 85 per cent acted after seeing it. Among them, 51 per cent accessed their pension account, 44 per cent consulted family, and 40 per cent sought pension information. That means more than 3.5 million savers paid their pension some attention.

The role of the European pensions industry

In the dynamic landscape of European pension schemes, this year has proven exceptionally busy, underscoring the need, now more than ever, to foster member engagement and enhance financial literacy. Supported by the pensions industry, this initiative offers a novel and engaging approach for schemes to connect with members.

Proactive engagement really is the key. Schemes can actively prompt members to review their existing pensions, encouraging reflection on current savings and the potential to increase contributions.

Keeping messages simple and goals clear, the initiative advocates for a non-technical, bold communication style. In an environment where financial communications often risk being too dry, this approach strives to capture attention effectively.

Leveraging the campaign's enthusiasm, European pension schemes can refine their strategy, creating a personalised connection that contributes to the long-term financial wellbeing of members.

What's next for the pensions megaphone?

Watch this space. Heading into 2024, the creative mill that is Pay Your Pension Some Attention has already begun its journey. Expect the unexpected when it comes to the pension megaphone!

This year, we're looking to make an even bigger impact for savers and a unified industry can encourage more people to engage and, ultimately, pay their pension some attention.

Class actions guide: Seeking justice

Taking the lead

David Adams explores the use of class actions by pension funds seeking redress for losses due to inept or illegal corporate behaviour and why some schemes are taking on a leading role within this process

PAGE 24

Expanding the toolbox: Securities litigation as a mode of corporate engagement

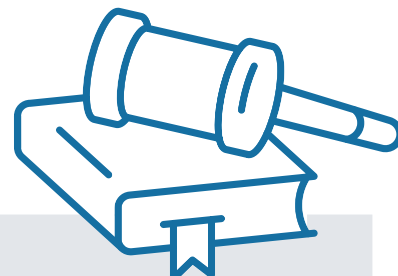
Pomerantz LLP partners, Jennifer Pafiti and Daniel Summerfield, explore how class actions can be used to hold companies and their management to account

PAGE 26

In association with

POMERANTZ LLP

Company Profile



POMERANTZ LLP

History

Pomerantz LLP is the oldest law firm in the world dedicated to championing investor rights. Founded in 1936 by the pioneering class action attorney Abe Pomerantz, the firm represents institutional investors and asset managers worldwide. With over USD 9 trillion in combined client assets, Pomerantz's proprietary portfolio monitoring service, PomTrack®, monitors, analyses, and reports on clients' portfolio losses that may be attributable to securities fraud, quickly providing our clients the knowledge and tools with which to make informed and timely decisions.

Global Expertise

The firm has offices in New York, Chicago, Los Angeles, Paris, London, and Tel Aviv and partners with a network of law firms and litigation funders worldwide to advise our clients on the most suitable path to recover monies lost due to corporate misconduct and securities fraud. Our global team includes attorneys with decades of experience, financial analysts, and fraud investigators. Integral to the team is Dr. Daniel Summerfield, Director of ESG and UK client services. Prior to joining Pomerantz, Dr. Summerfield was an executive at Universities Superannuation Scheme, the UK's largest private pension fund, for 20 years, first as Head of Responsible Investment and then as Head of Corporate Affairs. Jennifer Pafiti, Partner and Head of Client Services, has a base in both the Firm's Los Angeles and London offices. She is dually qualified to practice law in the United States and United Kingdom.

Results

In 2018 Pomerantz's achieved a USD 3 billion settlement for defrauded investors in Brazil's state-run oil company, Petrobras, which remains the largest securities class action settlement in over a decade. Beyond numerous other record-breaking financial recoveries for investors, Pomerantz deploys novel legal theories to expand global shareholder rights via litigation, while effecting meaningful corporate governance reforms to address issues of workplace safety, sexual harassment, and other ESG matters, during the settlement process.

OVERVIEW

Taking the lead

Use of class actions by investors seeking redress for losses due to inept or illegal corporate behaviour has spread beyond the borders of the US legal system into European jurisdictions. David Adams **finds out why – and why some pension funds are playing a leading role**

WRITTEN BY **DAVID ADAMS**, A FREELANCE JOURNALIST

Every investment involves risk, but also trust; those investing on behalf of pension funds and their members must believe that businesses in which they invest will be run sensibly and ethically. If that turns out not to be the case, investors may then choose to put their trust in legal processes instead, by participating in or leading a class action.

For example, in December 2023, AP7 in Sweden and Norges Bank Investment Management (NBIM) in Norway were named as co-lead plaintiffs in a class action against Silicon Valley Bank (SVB). The allegation at the heart of this case is typical of many: That SVB executives misrepresented and concealed financial and liquidity problems within the bank prior to its collapse, resulting in significant losses for investors.

Other class actions in which AP7 has already participated include a case brought against Chinese company Luckin Coffee, which resulted in a payment of USD 187.5 million to affected investors participating in the class action. In a statement to be published in its forthcoming annual and sustainability report, AP7 says it uses class actions "against companies that have misled shareholders or influenced the share price negatively… primarily to draw attention to and deter the companies from irregularities, but also to compensate the shareholders".

"The majority of cases usually result in a settlement," the statement continues, noting that to date this has led to payments of more than USD 15 million to its savers, while "regulations are applied… to ensure AP7 is not liable for costs". At the end of 2023, AP7 was involved in 17 class actions.

The number of shareholder-driven class actions grew by 34 per cent during the two years up to Q3 2023, according to research supported by the International Securities Services Association (ISSA), alongside The ValueExchange, Goal Group, FIS and Proxymity. It predicts further growth of 33 per cent during the next two years, including 44 per cent growth in Europe.

A spokesperson for AP7 tells *European Pensions:* "It is positive to see more institutional owners being active owners through class actions, since it is primarily a tool to set standards for all companies to act correctly by clearly deterring them from irregularities."

Legal distinctions

Use of class actions has also been boosted by legal changes in some jurisdictions, including the passing of the EU Representative Actions Directive (RAD) in 2020; and use of the Act on Redress of Mass Damages in Collective Action (WAMCA) regime in the Netherlands. Law firms in some countries in Europe can now use a similar business model to that long used by US law firms:

Proactively identifying instances where a fall in shareholding values may be linked to poor or malign governance; then contacting investors that may have been affected, and suggesting they participate in or lead a class action.

"The law firm assumes all risks, pays all costs and does all the legwork," Grant & Eisenhofer attorney, Guus Warringa, who works with institutional investor clients, says. "Your involvement [*as an institutional investor*] is pretty minimal and your risk is minimal. Only in the event of a success does the law firm get paid. If you do it prudently it's definitely worth the limited effort you might put in."

Pomerantz director of ESG and UK client services, Daniel Summerfield, says the legal firm has worked on more than 300 cases of this kind during the past eight years, in more than 25 countries. At the time of writing it is acting for institutional investors, including pension funds, in 37 cases.

However, many European pension funds continue to participate in class actions within the US system. Differing legal and regulatory conditions mean it may be more difficult to do so in Europe. In part this is because some countries are EU members but others are not; and not all EU member states have yet transposed the RAD into their national legal systems.

Another problem is the concept of 'reliance' – in some jurisdictions a plaintiff/claimant has to prove that investors relied on the truth of specific statements made by a business before investments were made. Again, the US system is currently more likely to favour the plaintiff than are courts in Europe.

Responsible actions

But even if the legal or regulatory framework in a specific country discourages participation in class actions, pension fund trustees and managers in almost every country are still willing to consider participating and even leading these actions.

"I think the reason European pension funds are participating is that they feel, and rightly so, that they have a duty to their members to do the right thing," says Warringa.

In addition, while the legal processes involved may be complex, the process is now easier thanks to the development of technology-based solutions by service providers like Goal Group.

"We work with clients including pension funds to analyse data, identify opportunities and file claims," says Goal Group chief revenue officer, Vicky Dean.

"I THINK THE REASON EUROPEAN PENSION FUNDS ARE PARTICIPATING IS THAT THEY FEEL, AND RIGHTLY SO, I THINK, THAT THEY HAVE A DUTY TO THEIR MEMBERS TO DO THE RIGHT THING"

But in some jurisdictions, such as the UK, the costs involved in pursuing some class actions may be prohibitive for some pension funds. "In the UK and other jurisdictions it's a 'loser pays' regime," Summerfield explains. Another option is to use third-party litigation funding (TPLF). US Market Advisors Law Group managing attorney, David Abel, who works with litigation funders, as well as pension funds participating in class actions, says TPLF providers are seeking to build long-term relationships with investors.

EU member states will see further regulation of TPLF in future; the European Parliament voted in favour of new regulations in 2022, but the European Commission is gathering more detailed evidence on the operations of the industry and the need for regulation first.

Taking action on ESG

One reason some pension funds are keen to lead class actions is the number of cases that are brought not just to seek lost returns, but to deliver broader socially and environmentally positive outcomes.

There has certainly been an increase in numbers of class actions linked in some way to ESG issues. They include cases intended to force businesses to reduce carbon emissions more quickly; and others based on allegations of companies failing to fulfil climate or other ESG-related pledges, or making insufficient disclosures regarding climate risks.

Warringa notes that there are multiple class actions linked to environmental or social issues underway in the UK, the Netherlands, Germany, France and the Nordic countries. He also expects to see pension funds and NGOs working together in the future.

We are also likely to see more use of class actions linked to misuse of data, often if a business has made public statements about the strength and quality of data management and security processes, only for these to be shown to be inadequate in reality, risking or resulting in reduced shareholder value. It is difficult to find anyone who does not expect all of these trends to continue.

"With the extension of [*investors' rights to pursue class actions*], the intervention of litigation funders; and with ESG now more engrained in how companies operate and in decision-making processes for pension funds, I think that will at least keep steady, if not increase, the volume of litigation," says Abel.

POMERANTZ LLP

Expanding the toolbox: Securities litigation as a mode of corporate engagement

WRITTEN BY **JENNIFER PAFITI** AND **DR. DANIEL SUMMERFIELD**

Jennifer Pafiti

Dr. Daniel Summerfield

POMERANTZLLP

After careful consideration of where and how to invest, shareholders will undoubtedly be concerned to discover that a company in which they invest is being sued for securities fraud. Nevertheless, when companies have lied or suppressed information material to the share price, investors may have the option to sue to recover the decline in their investment.

How and where they sue will depend on a number of factors. The United States has, without doubt, the most robust class action system in the world. Investors can recover losses by remaining passive class members or by pursuing their own, individual actions. Federal laws in the U.S. have produced significant recoveries for shareholders who, without these securities laws, may have recovered nothing.

Litigation can also be a sharper tool for institutional investors to use when "softer" methods of corporate engagement fall short. In addition to monetary recoveries, shareholder litigation has introduced and addressed significant corporate governance reforms and ESG concerns, thus giving shareholders who wish to remain invested in the defendant company some reassurance that the wrongs will not be repeated. In recent years, investors in Europe and the U.K. have begun to follow this trend and are pushing securities litigation in promising new directions.

The power of securities litigation to effect changes in corporate governance should not be underestimated. For example, when Pomerantz LLP prevailed in a securities litigation in the U.S. against Petróleo Brasileiro S.A.–Petrobras[1], it secured a record-breaking $3 billion recovery on behalf of defrauded investors. However, the benefits to shareholders did not end there. During litigation, Pomerantz commissioned several robust, independent corporate governance reports on Petrobras that contained a number of recommendations, some of which were implemented by the company.

Similarly, in the resolution of a securities class action in the U.S. last year, Pomerantz achieved a settlement representing 50 per cent of recoverable damages for investors in Deutsche Bank AG. The suit concerned alleged failures in the bank's "know your customer" procedures that allowed accused sex offender Jeffrey Epstein to avoid any meaningful due diligence and continue doing business with – and making money for – the bank. Via this successful litigation, investors held the bank to account for failures in corporate governance and sent a message to other companies that shareholders will not tolerate businesses that overlook credible accusations of sexual misconduct.

In our globalised world, as investors look to overseas markets for investment opportunities, they want to ensure that appropriate

[1] **Both authors of this article played integral roles in the *Petrobras* litigation: Ms. Pafiti as a litigator, and Dr. Summerfield in his former position as Head of Responsible Investment at the UK's Universities Superannuation Scheme, the lead plaintiff in the case.**

systems are in place to protect these investments. European and U.K. funds are increasingly looking to securities litigation as an additional process to hold companies and their management to account. However, there are several challenges to initiating these actions beyond the U.S.

One is that, while in the U.S. any investor that suffered damages after purchasing eligible securities during the relevant class period may participate in a securities class action without registering as a plaintiff, in most European and U.K. jurisdictions, investors must proactively register, or "opt in," to take part.

Another challenge to litigating securities actions in Europe and the U.K. is the fee structure. In the U.S., there is no direct cost for plaintiffs to participate in such litigation (the costs are borne by the class) and – win or lose – a defendant's legal fees are never a plaintiff's responsibility. In contrast, most European and U.K. jurisdictions have a "loser-pays" system where investor plaintiffs may be on the hook for hefty legal fees if they don't prevail in court. To address this deterrent to litigation, a growing field of third-party litigation funders has sprung up to assume financial responsibility in exchange for a percentage of any potential recovery.

There also remain cultural barriers for European and U.K. funds regarding securities class actions. Many of these funds tend to have a more conservative approach, and as such may be reticent to appear litigious. However, this barrier is beginning to erode in the face of one of the emerging roles for securities litigation: promoting ESG initiatives and addressing shortfalls in corporate governance and corporate behaviour. Such litigation has been successful in the U.S., as seen in Pomerantz's cases against Deutsche Bank and Petrobras, discussed above.

In Europe and the U.K., one of the top ESG concerns is climate change. The past five years have seen the adoption of numerous climate-focused regulatory and reporting requirements. As a result, there has been an uptick in litigation taking companies to task for "greenwashing," or misleading the public and investors about their sustainability initiatives.

These cases cover various types of misinformation, including challenges to corporate climate commitments, claims about product attributes, overstated investments or support for climate action and failure to disclose climate risks. Pension funds can help ensure that companies are held to account for their disclosures through securities litigation.

"THE UNITED STATES HAS, WITHOUT DOUBT, THE MOST ROBUST CLASS ACTION SYSTEM IN THE WORLD"

Since the *Morrison* ruling in 2010, when the U.S. Supreme Court ruled that U.S. securities laws generally apply only to securities transactions that occur within the U.S., Pomerantz is increasingly advising clients on a number of potential securities litigation cases in overseas jurisdictions. ESG issues play a role in many of these cases.

Examples include a case in the Netherlands against ING Groep N.V. alleging that the company failed to disclose that its systems were insufficient to identify and prevent money laundering, terrorist financing and other corrupt practices; and a case in Sweden against Telefonaktiebolaget LM Ericsson alleging that the company made tens of millions of dollars in suspicious payments to the terrorist group ISIS over nearly a decade to maintain its business in Iraq, as well as making suspicious payments to a number of other countries.

It should also be noted there are moves afoot to reform the U.K.'s listing rules which may lead to a dilution of shareholder rights and protections – a potential development that institutional investors should be closely watching. Few funds have the infrastructure to effectively monitor – and quickly respond to – the ever-shifting landscape of securities class actions on a global scale. One solution is to subscribe to a portfolio monitoring service, such as the PomTrack® system offered by Pomerantz, which cross references a fund's holdings with daily class action reports to keep track of global actions in which losses suffered by a fund may be attributable to fraud. Overseeing combined client assets in excess of $9 trillion, PomTrack® represents one of the most comprehensive services of its kind. For funds that are just beginning to explore securities class actions, portfolio monitoring is a good way to gauge the available benefits.

In our globalised world, funds that look only to their own markets for new investments will invariably be left behind. The same is true for approaches towards corporate engagement. As new challenges arise and ESG moves to the centre of discussions around corporate citizenship, it is more important than ever for funds to have a diverse array of tools at their disposal to engage with companies they invest in. As the example of the U.S. has shown, and as funds in Europe and the U.K. are discovering, securities litigation is one of the sharpest tools in the box for funds looking to fulfill their fiduciary duty and advocate for a more sustainable future for their global investments, and in turn, pension fund beneficiaries.

FTN

Mission possible: Improving returns for Swedish pension savers

The Swedish Fund Selection Agency executive director, Erik Fransson**, discusses the process of procuring funds for the Swedish premium pension system**

WRITTEN BY **FTN EXECUTIVE DIRECTOR, ERIK FRANSSON**

In 2000, the Swedish 'premium pension' system was launched in its current form, offering people the choice on how to invest part of their income pension on a state-provided open fund platform.

From an economic standpoint, the system has demonstrated success. In 2022, 83.6 per cent of savers who independently selected their funds achieved an annual return exceeding the income index by 2 percentage points. The good performance is noteworthy given the challenges faced during the system's initial two decades. Individual rogue operators employing aggressive sales tactics led savers astray, investing capital with unscrupulous and, sometimes, criminal entities.

To address these challenges, the government authority The Swedish Fund Selection Agency (FTN) was created in 2022. FTN is tasked with procuring and continuously evaluating funds within the premium pension system.

The transition from an application-based to a procured platform marks a significant change. The state now takes on an active role to ensure the availability of high-quality, sustainable, controllable and cost-efficient funds on the fund platform.

Around €100 billion will be procured over the next few years. This makes FTN one of the largest procurers of funds globally. The premium pension system's assets are anticipated to double by 2040, with continued net inflows of capital until 2060.

The search process, initiated in 2023, is gaining momentum, with FTN set to announce at least six procurements totalling around €20 billion.

The aim is to improve security and increase the average return for savers who invest in external funds. FTN envisions a 50 basis points (bps) increase in the average annual return without altering the risk level. Achieving this objective requires the synergy of several parts.

Firstly, negative selection targets identifying and avoiding unsuitable funds not adhering to mandatory requirements. This is done by the Operational Due Diligence team responsible for continuously reviewing and monitoring funds on the platform, as well as for evaluating tenders based on operational requirements during procurement.

Looking at historic data in the premium pension system, divesting the worst performing 10 per cent in each category would improve average annual returns by 40 bps.

The second component, positive selection, leverages assessment criteria and analysis to identify funds of high quality and thus likely to outperform. A starting point for quality assessment is the three Ps – people, philosophy, process – that has been proven academically and through best market practice as alpha forecasters. The due diligence process involves thorough analysis of multiple dimensions of the investment activities of the fund managers.

The third component of value creation addresses a fourth P: Price. The current average annual fee among all external funds stands at 33 bps. Consolidating funds from approximately 450 to 150-200 enhances competition and raises the average ticket size, compelling asset managers to offer more competitive pricing.

In analysing the potential for increased returns for Swedish savers by transitioning to a procured system, we confidently assert that the mission is possible. There are pitfalls and challenges to be overcome, but with help from an adaptive fund industry willing to evolve, we anticipate the premium pension system to stand stronger and continue to be a financial success for future generations.

Irish Pensions **AWARDS** 2023

WINNERS BROCHURE

Sponsored by

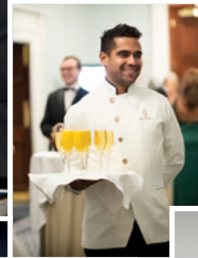
Organised by

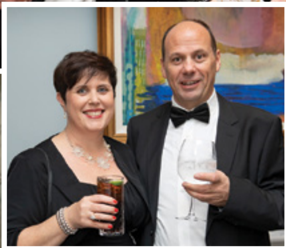
European Pensions

Media Partner

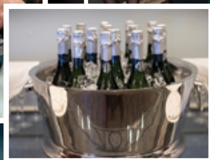
PENSIONSAge

www.europeanpensions.net/irishawards
#IrishPensionsAwards





Irish
Pensions
AWARDS
2023



CONTENTS

33 The judging panel
34 List of winners

HIGHLIGHTED WINNERS

36 IRISH PENSION SCHEME OF THE YEAR
LifeSight Ireland Master Trust

38 PROPERTY MANAGER OF THE YEAR
Irish Life Investment Managers

40 PENSION SCHEME ADMINISTRATOR OF THE YEAR
Irish Life Corporate Business

42 INFRASTRUCTURE MANAGER OF THE YEAR
AXA IM Alts

44 DIVERSITY AWARD
Coronation Fund Managers

46 FIXED INCOME MANAGER OF THE YEAR
LGIM

48 PENSIONS ORGANISATION OF THE YEAR
Irish Institute of Pensions Management

50 ESG/SRI PROVIDER OF THE YEAR
Aviva

52 INVESTMENT MANAGER OF THE YEAR
Aviva Investors

54 PASSIVE MANAGER OF THE YEAR
State Street Global Advisors

56 PENSIONS CONSULTANCY OF THE YEAR – *Sponsored by New Ireland*
Mercer

58 EXCELLENCE IN DC AWARD
Mercer

60 COMMUNICATION AWARD
New Ireland

62 PENSIONS TECHNOLOGY PROVIDER OF THE YEAR
L&P Systems

Irish
Pensions
AWARDS
2023

WELCOME

The 12th annual Irish Pensions Awards, held at the gorgeous Shelbourne hotel on St Stephen's Green in the heart of Dublin, were another huge success.

After a busy 12 months for those working in Irish pensions, be that as a consultant, provider, scheme manager, trustee or otherwise, it felt good to celebrate the industry's successes with the presentation of multiple trophies across a range of disciplines.

Awards were handed out to those pension funds, firms and organisations that have proved themselves to be ahead of the rest, either through product development, technological innovation, investment performance or overall general excellence.

Congratulations as always to all the winners, as well as all the shortlisted entries; and many thanks to our judges and sponsors who help make the event the success it is. Enjoy reading all about it in the upcoming pages!

Francesca Fabrizi,
Editor-in-Chief,
European Pensions

JUDGES

Andy Dixon
Head of Business Development and Marketing,
Harvest Financial Services

Deirdre Horan
Head of Reward and Benefits,
Tesco Ireland

Emer Kirk
CEO, *Financial Planning Standards Board Ireland DAC*

Martin Leech
Pensions Specialist

Rickard Mills
Pension Fund Trustee and Corporate Affairs Consultant

John O'Connell
Owner,
Trident Consulting

Frank O'Riordan
Independent Director and Pension Trustee

Fionán O'Sullivan
Expert in Pension & Employee Benefit Solutions

James Skehan
Independent Professional Trustee

WINNERS GALLERY

INVESTMENT MANAGER OF THE YEAR
Aviva Investors

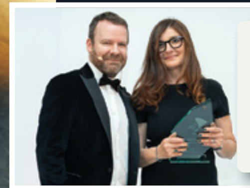
IRISH PENSION SCHEME OF THE YEAR
LifeSight Ireland Master Trust

EQUITIES MANAGER OF THE YEAR
Morgan Stanley Investment Management

PENSION TRUSTEE BOARD OF THE YEAR
BT Ireland Pension Plan

FIXED INCOME MANAGER OF THE YEAR
LGIM

PENSION SCHEME INNOVATION
Irish Life Retail Master Trust



PROPERTY MANAGER OF THE YEAR
Irish Life Investment Managers

BEST USE OF INVESTMENT STRATEGY
Bank of Ireland Staff Pension Fund

ALTERNATIVES INVESTMENT MANAGER OF THE YEAR
DunPort Capital Management

PENSIONS CONSULTANCY OF THE YEAR – Sponsored by New Ireland
Mercer

LAW FIRM OF THE YEAR
ByrneWallace

EXCELLENCE IN DC AWARD
Mercer

PENSION SCHEME ADMINISTRATOR OF THE YEAR
Irish Life Corporate Business

COMMUNICATION AWARD
New Ireland

INNOVATION AWARD
Unio Employee Benefits

RISK MANAGEMENT AWARD
LCP Ireland

PENSION BROKER/FINANCIAL ADVISOR OF THE YEAR – Sponsored by Aviva
NFP Ireland

PASSIVE MANAGER OF THE YEAR
State Street Global Advisors

INFRASTRUCTURE MANAGER OF THE YEAR
AXA IM Alts

EMERGING MARKETS MANAGER OF THE YEAR
Amundi

PENSIONS TECHNOLOGY PROVIDER OF THE YEAR
L&P Systems

INDEPENDENT TRUSTEE FIRM OF THE YEAR
ITC Group

ESG/SRI PROVIDER OF THE YEAR
Aviva

DIVERSITY AWARD
Coronation Fund Managers

CASH-DRIVEN INVESTMENT MANAGER OF THE YEAR
BCP

PENSIONS ORGANISATION OF THE YEAR
Irish Institute of Pensions Management

MARKETING CAMPAIGN OF THE YEAR
Royal London Ireland

WINNER

Irish Pension Scheme of the Year

The Irish Pension Scheme of the Year is awarded to the scheme that has proved itself to be a leader in the challenging world of pension provision, be it a DB, DC or hybrid scheme.

Congratulations to LifeSight Ireland Master Trust, a scheme that the judges described as innovative, works hard to help members make informed decisions on their retirement and has member communication and engagement at its centre.

The Irish Pension Scheme of the Year award went to LifeSight by WTW. Receiving the award was Maria Quinlan, LifeSight (centre). Presenting the award were judge John O'Connell (right) and host, Neil Delamare (left).

LifeSight's mission is to make pensions better for everyone and it is certainly managing to fulfil this. LifeSight Ireland Master Trust gives savers a pension solution that lasts a lifetime; its leading-edge tools provide savers with a personalised service that allows them to take ownership of their retirement.

Take for example the innovative LifeSight AgeOmeter, a tool that helps members make informed decisions about how much they should save for retirement. The AgeOmeter tells people the age at which they will be able to retire, based on how much they have in their LifeSight account, what their regular contributions are and how their money is invested. Other financial information, such as other pensions, can be input to improve the accuracy and provide a holistic view of their retirement forecast.

At the heart of LifeSight is its members, but LifeSight places just as much importance on employers. As a result, employers have access to the LifeSight Employment Spotlight, a proprietary tool that allows them to measure communications and engagement activity and monitor the effectiveness at prompting members to take appropriate actions in relation to their pensions. Among other uses, the tool has been employed to highlight targeted member communication strategies as well as to quantify improvements in member engagement.

Good governance is key to the performance of any pension fund, which is why LifeSight has placed a strong emphasis on excellence in governance when designing the master trust. Much of that excellence is due to the quality of the trustee board, which comprises members from a wide range of social, professional and educational backgrounds and is led by the vastly experienced independent chair, Ciaran Long.

In addition, LifeSight is switched on to its members' attitudes and is acutely aware of the growing number of members that want their pension to have a positive impact on the world. Taking a proactive approach, LifeSight has integrated ESG factors into its investment strategies to ensure that they encourage change for the better.

More broadly, when it comes to investments, LifeSight aims to be consistently among the top performers in its peer group, achieving excellent risk-adjusted returns, providing a good balance between risk and reward over the member's savings journey. LifeSight had €2 billion in AUM committed by the end of 2023, proving that its care for its members, employers and investments is paying off. A well-deserved win!

The LifeSight Ireland Master Trust is WTW's defined contribution pension solution. It offers brighter futures for employees and commercial benefits for employers.

The LifeSight Ireland Master Trust team are absolutely thrilled to win in the category of Irish Pension Scheme of the Year and are so proud of all our people across the business that made this possible.

This award is fantastic recognition for the LifeSight Master Trust solution and reflects the expertise, commitment and professionalism of all our people, our continued investment in a consumer-focused technology platform, our excellent administration capabilities, our dedication to clients, our independent governance approach and our focus on member engagement.

Get started today.

LifeSight.ie

Willis Human Capital & Benefits Ireland Limited trading as Willis HC&B Ireland is regulated by the Central Bank of Ireland. Registered in Ireland number 403117. Lifesight Ireland Trustees Designated Activity Company is a subsidiary of Willis Towers Watson PLC. Registered in Ireland number 684028.

WINNER

Property Manager of the Year

With property gaining growing recognition as an essential asset class for pension funds seeking to diversify their portfolios, this award recognises those managers that have proved themselves in the field of property investment, delivered innovation in their product offerings, and displayed excellence and consistency in their management of this active and exciting asset class.

The Property Manager of the Year award went to ILIM. Receiving the award was Deirdre Hayes, ILIM (right). Presenting the award was host, Neil Delamare (left).

The judges said that this firm put forward a comprehensive presentation showing numerous examples of innovation in the property space and an extensive range of dynamic property solutions. Congratulations to all of the team at Irish Life Investment Managers (ILIM).

ILIM's position as a market leader in real estate in Ireland is clear, underpinned by it being the largest property investment manager in the country by value of assets, managing a portfolio worth over €3 billion, across five primary investment strategies.

The ILIM team has further demonstrated its leadership position in the market during 2023, achieving three 5 star (top quintile) ratings in the Global Real Estate Sustainability Benchmark (GRESB), making significant new sustainability led investment in its existing portfolios and securing a number of key strategic acquisitions for its new fund offerings. This included acquiring a new residential development by forward purchase for the Irish Residential Property Fund and the purchase of new assets for the newly established European Real Estate Fund.

ILIM has also worked to integrate and reflect a range of environmental, social and governance considerations (ESG) through the acquisition, development, refurbishment, leasing, and ongoing management of individual property assets. With a long history of responsible investment, ILIM has continued to develop its approach to ESG, making significant strides in this area over the past year. This has been recognised by GRESB, with ILIM achieving an exceptional 1st rating in Europe in management (ESG policies and processes) out of over 1000 funds, recognising leadership and commitment to climate change. The group also continued to work towards the goals in its net-zero pathway strategy, its plan to decarbonise its real estate portfolio in line with the Paris Agreement and the EU taxonomy. In addition to improving the ESG credentials of its holdings, ILIM has worked hard to add value to the community, delivering best-in-class buildings which benefit building occupants, achieve high environment and sustainability standards and enhance investor returns.

ILIM has continued to go from strength to strength, providing the most comprehensive offer of property investment products in their domestic market. Through this expansive reach, the firm is ingrained in the Irish property market and provides relevant and up-to-date property investment solutions for a range of investor clients. Congratulations again to all of the team at ILIM!

European Pensions

European Pensions magazine is also available as an e-edition for tablets (iPad and Android devices), and can also be read on a PC.

The interactive digital format allows readers to easily search, browse and navigate the latest news stories, in-depth analysis, features, commentary and even adverts.

All content is hyperlinked for a richer online experience.

Through the print magazine, website, twitter, videos and the digital edition, European Pensions ensures that you always receive the latest news from the pensions industry, in the most convenient format for you.

To read, visit www.europeanpensions.net

WINNER

Pension Scheme Administrator of the Year

The key role of the pensions administrator can often be overlooked, but without a seamless and high quality administration service, the pension fund member cannot receive the level of service they deserve. The Pension Scheme Administrator of the Year award recognises those firms that go beyond the minimum standards required to offer a truly value-added service to their clients.

The Pension Scheme Administrator of the Year award went to Irish Life. Receiving the award were Ian Moynihan and Sally Fagan, Irish Life (centre). Presenting the award were judge Emer Kirk (right) and host, Neil Delamare (left).

This year's worthy winner, Irish Life Corporate Business, truly impressed the judges with its hard work and dedication to excellence. This firm, said the judges, "has worked hard to adapt effectively to a new world, elevate its member experiences, and continues to support its customers with exceptional administration services".

Firstly, the judges were impressed by the numbers. Irish Life today boasts over 1.6 million customers, managing investment assets of €92 billion for its clients with over 2,500 DC plans and 250,000 DC members. The firm manages pensions for eight of the 10 biggest Irish companies, and seven of the 10 biggest US companies based in Ireland, and provides full administration and investment management services for 35 per cent of Irish plans with greater than 1,000 members.

But it wasn't just the numbers that set this entry above the rest – with the IORP II Directive having driven significant transformation in the Irish pensions landscape, all players in the market have had to raise their game in order to meet the demands of the changing world, and Irish Life did not disappoint.

As evidenced by its exceptional submission, this firm met the regulatory challenges head-on, while also grasping the opportunities, and continues to innovate and evolve in order to consistently offer an exceptional administration service in this new world of pensions.

For example, in recognition of the increasing role master trusts will play in the future of Irish pensions, Irish Life has created a simplified and automated transition process to master trust, which negates all of the disruption traditionally associated with winding up a scheme, reduces the time involved in moving to master trust and is delivered at no cost to the member, or their employer.

Additionally, off the back of the IORP II Directive, Irish Life took the opportunity to enhance its offerings and develop a best-in-class member engagement programme for its EMPOWER Master Trust pension plan members. This delivers targeted, relevant messaging at key moments in the members' retirement journey, and has enjoyed exceptional engagement levels since its launch.

Meanwhile, its Point of Retirement programme is designed to support members with expert financial advice. Finally, Irish Life is dedicated to maintaining a robust administration infrastructure, and continues to invest and innovate in order to offer the very best to its members, now and into the future. A well-deserved win!

There's a powerful way your pension could help the planet

See irishlife.ie for pension funds that have a responsible approach.
Irish Life Assurance plc, trading as Irish Life is regulated by the Central Bank of Ireland.

WINNER

Infrastructure Manager of the Year

At one of the most dynamic times in pension fund investment, infrastructure is now being taken seriously as an asset class among pension investors.

Therefore, this award recognises those players that understand this complex asset class and are working hard to help pension funds reap the potential rewards.

Showcasing this excellence and impressing the judges with its depth, expertise and innovation in infrastructure asset management is AXA IM Alts, our winner for 2023!

The Infrastructure Manager of the Year award went to AXA IM Alts. Receiving the award was John O'Driscoll (centre). Presenting the award were judge Rickard Mills (right) and host, Neil Delamare (left).

AXA IM Alts is a global leader in alternative investments, taking a 360° approach to real estate and infrastructure investing, with over €115 billion[1] of AUM in direct opportunities, held indirectly through debt and listed equities and via long-term private equity investments into operating platforms. ESG is fully integrated into AXA's investment decision-making processes, anchored by the three key pillars of decarbonisation, resilience and building tomorrow.

Infrastructure is AXA IM Alts' fastest growing business, growing at over €2 billion AUM per annum across a range of products for its institutional clients, raising around €3.5 billion[2] of net new money for its infrastructure strategies in 2022. This is due to investors increasingly turning to stable alternative assets that offer resilient protection from inflation.

By deploying capital across industry sectors, including but not limited to renewable energy, transport and telecommunications, AXA IM Alts generates value for clients by building highly diversified portfolios comprised of infrastructure assets that provide stable and defensive income streams.

AXA IM Alts' position as a leading infrastructure debt manager is further established by its investment in both fixed and floating rate instruments, across shorter acquisition style financing and longer project financings.

On the equity side, AXA IM Alts has invested €1.6 billion[3] to date through its AXA European Infrastructure Fund, which launched in 2021. As of 31 March 2023, 70 per cent of its Infrastructure Equity AUM corresponds to digital and renewable energy.

Recent examples of AXA IM Alts' infrastructure investments include the acquisition of leading Spanish fibre business, Lyntia Networks in a new joint venture between AXA IM Alts and Swiss Life Asset Managers. Last year also saw Ørsted sign an agreement to divest a 50 per cent ownership stake in its 1.3 GW Hornsea 2 Offshore Wind Farm in the UK to a consortium, with AXA IM Alts having a 25 per cent stake. Congratulations to all at AXA IM Alts!

1 AXA IM Alts data (unaudited) as of 30 September 2023
2 All figures: AXA IM Alts unaudited data as at 31 December 2022.
3 All figures: AXA IM Alts undaudited data as at 30th September 2023. (Figure includes the capital invested for the financial close of Finerge on 4th October 2023)

AXA Investment Managers

Delivering sustainable returns in alternative investments

A truly long-term approach

Our Alternatives capability is structured around three investment pillars – Real Estate, Private Debt & Alternative Credit and Infrastructure & Private Equity– which, for over 30 years, have launched innovative products in the Alternatives space.

Our conviction is that long-term performance generation, demonstrated over multiple market cycles, can only be built on a fundamental understanding and proximity with the assets we manage, and by fully embedding best-in-class ESG practices in our investment processes.

This is why our clients entrust us with more than €184+ billion in assets under management[1].

Investments in financial markets involve a capital risk.

alts.axa-im.com

[1] Source: AXA IM data (unaudited). All figures as of 30 September 2023. Not for Retail distribution: This document is intended exclusively for Professional, Institutional, Qualified or Wholesale Clients/Investors only, as defined by applicable local laws and regulation. Circulation must be restricted accordingly. This promotional communication does not constitute on the part of AXA Investment Managers a solicitation or investment, legal or tax advice. This material does not contain sufficient information to support an investment decision. Issued in the UK by AXA Investment Managers UK Limited, which is authorised and regulated by the Financial Conduct Authority in the UK. Registered in England and Wales, No: 01431068. Registered Office: 22 Bishopsgate, London EC2N 4BQ. In other jurisdictions, this document is issued by AXA Investment Managers SA's affiliates in those countries. Design & Production: Internal Design Agency (IDA) | December 2023 | 19-11185 | Photo Credit: Gettyimages.

WINNER

Diversity Award

This award goes to the pension provider that has shown a true understanding of the importance of diversity in today's climate, either in the way it has shaped its business, its product offering or otherwise.

The judges said this year's winner has diversity at the core of its business and works hard to evolve in this important area. Congratulations to Coronation Fund Managers!

The Diversity Award went to Coronation Fund Managers. Receiving the award was Coronation's Almaree Kleinhans company general counsel (centre) and compliance officer, Natalie Courtney (right). Host Neil Delamare presented the award.

Founded in Cape Town at the genesis of post-Apartheid South Africa, Coronation has long understood that a genuinely diverse and inclusive culture is not only a societal imperative but a source of advantage in this highly competitive industry.

Setting an example to others, Coronation does not see diversity as a human resources target, but rather, it is an entrenched part of its culture. It knows that a diverse workforce provides it with an inherent advantage in a competitive and unpredictable world.

From its board of directors to its new starters, Coronation's diversity statistics speak for themselves; for example, 85 per cent of new starters are black individuals, whilst 50 per cent of its executive board are women. Its workforce is made up of a diverse mix of different genders, ethnicities, languages, religions and socioeconomic backgrounds across a range of academic and professional qualifications.

Coronation runs several programmes aimed at encouraging diverse views to be heard, such as Minority Views Day, a day that seeks to challenge prevailing portfolio positions. This supports its initiative to encourage robust debate, avoid group-think and create interactions where individuals are safe to express minority views. It also runs an annual Women's Day event where high school girls can meet with women in the industry.

Coronation also invests in the careers of experienced employees with its Aspiring Leaders Project (ALP), which was developed for employees who hold a level of influence within the business but do not necessarily have any direct reports. Since its inception in 2018, 47 ALP alumni have benefited from the programme, 57 per cent of whom are black and 49 per cent female.

The structure and organisation of its investment team also encourages the expression of diverse views. Portfolio managers and research analysts form one integrated team, interacting, engaging and learning from each other in an open-plan office setting. Not only does Coronation strive for excellence within diversity in its own business, but it goes a step further by driving industry change.

For example, this year it introduced the Catapult Programme in partnership with stockbrokers. As part of this, Coronation hires university graduates and provides them with training and work experience at the stockbrokers. Four of the first nine graduates on the programme are women.

Congratulations on a well-deserved win!

It's not about seats at the table. For us, it's about voices in the room.

Winner of the 2023 Irish Pensions Award for Diversity.

Since we opened our doors in 1993, we have been committed to achieving real and meaningful diversity. Why? Because we genuinely believe that true diversity makes for a more competitive organisation.

We have always employed people who come from different academic, ethnic, gender and socioeconomic backgrounds. Their unique and varied perspectives have led to greater results for our clients. Today, we have a 30-year track record of delivering superior investment outcomes to prove it.

CORONATION

TRUST IS EARNED™

Coronation is an authorised financial services provider.

WINNER

Fixed Income Manager of the Year

Fixed income is a cornerstone of any pension scheme's portfolio. This award celebrates the investment managers who showcase a real specialisation in this area and can offer their pension clients a variety of solutions to meet the ever-changing market conditions. Many congratulations to this year's deserving winner – Legal & General Investment Management (LGIM)! Irish pension funds typically depend on fixed income for a reliable revenue stream, and as a result, the fixed income market is now as diverse and sophisticated as any other.

The Fixed Income Manager of the Year award went to LGIM. Receiving the award was Tom O'Gorman, Head of Distribution, Ireland (centre). Presenting the award were Laura Blows, Pensions Age (right) and host Neil Delamare (left).

The judges said that LGIM's submission "demonstrated a great focus on product innovation in the fixed income space, its excellence and expertise in the fixed income arena and its refusal to stand still". They were impressed by LGIM's continued focus on its clients, from focusing on specific investment objectives to inviting clients to both physical and virtual events, providing them with insightful thought leadership, and actively engaging with companies as a major bondholder on their clients' behalf.

Volatile macroeconomic events have typically highlighted the merit of LGIM's approach to funding diversified sources of liquidity and return, such as its Absolute Return Bond strategy.

The judges were also impressed with LGIM's integration of environmental, social and governance (ESG) factors in its fixed income management.

Through fundamental analysis, LGIM identifies sector-specific risks and opportunities and focuses its attention on the material impact of ESG issues on a company's bottom line. LGIM also developed two bespoke frameworks that allow the firm to manage portfolios in alignment with specific ESG objectives, including improved alignment with targets for net-zero carbon emissions and investing in accordance with the UN's Sustainable Development Goals.

LGIM's continued innovation in the fixed income space was further demonstrated by its Global Research and Engagement Groups (GREGs). The company established the GREGs to bring together the best sector expertise across LGIM to identify challenges and opportunities to determine the resiliency of sectors, and the companies within them. The judges noted LGIM's capabilities in identifying the need for progress on particular ESG issues, then using engagement as a tool to aim to influence positive change.

Congratulations to all at LGIM on the win!

Key risks: For professional clients only. Past performance is not a guide to the future. The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested. The Information in this document (a) is for information purposes only and we are not soliciting any action based on it, and (b) is not a recommendation to buy or sell securities or pursue a particular investment strategy; and (c) is not investment, legal, regulatory or tax advice.

Inaction is not an option

LGIM is committed to creating a better future through responsible investing

Find out how:
lgim.com/lewis

Proud partner of Lewis Pugh, UN Patron of the Oceans

For investment professionals only. Capital at risk.

WINNER

Pensions Organisation of the Year

In an incredibly busy year for the Irish pensions market, this award looks to recognise those groups that provide an invaluable and vital role in the Irish pension space in their own way, and without whom the Irish pensions landscape would be a lesser place.

Passionate about its role in the market, the judges praised this year's winner for its continued hard work to meet the needs of the market. Congrats to all of the team at the Irish Institute of Pensions Management (IIPM).

The Pensions Organisation of the Year award went to IIPM. Receiving the award were Elma Fox, IIPM Council (centre) and IIPM President, Davin Spollen (right). Presenting the award was host Neil Delamare (left).

Founded in 1990, the IIPM has continued to go above and beyond in its mission to promote professional standards amongst those working in the field of pensions, providing educational pathways and content to those in pensions, and engaging with the industry to promote its members' views.

Despite the rapid period of change in the Irish pensions market, the IIPM has worked to stay one step ahead of the regulatory and legislative changes, as an increased focus on governance and compliance means that pension professionals have had to work harder to keep informed.

Responding to changing market needs, the IIPM reacted quickly to extend its course offering for the IIPM Law & Governance Programme for Trustees (QPT), also running it on additional occasions to meet the demands of the industry. This saw close to three hundred people come through the course and gain the qualification QPT (IIPM).

And the IIPM is already responding to other areas of concern, launching a trustee subcommittee within its membership to recognise the need for trustees to have another avenue to collaborate, voice their concerns, and contribute to the evolution of the pensions landscape.

The practical impact of this work is clear, particularly in key areas of change such as auto-enrolment.

Providing invaluable input during the evolution of the auto-enrolment proposals, the IIPM acted as a voice for those in the industry and those working with pension schemes, expressing some of the key concerns and points of contention during the consultation process.

Made up solely of volunteers, the IIPM has continued to go above and beyond to support the Irish pensions market, offering all of its CPD events free of charge to all those working in the industry, regardless of membership status.

Its staple offering of educational courses and seminars has remained a key resource for the industry, with new offerings, such as half day and full day workshops on topics like IORPS II and trustee requirements, launched in response to high demand.

Acting as a key voice for the industry amid a period of significant change and uncertainty, the IIPM has worked consistently to represent its members' views at all levels, doing its bit to be part of the solution for those working in the field.

Congratulations again to all of the team at IIPM for an outstanding submission!

Ireland going through historic levels of change in the pensions industry

For over 30 years the IIPM has been educating pensions industry leaders and working with the largest employers in the industry to train their staff, whilst seeking to ensure that the highest standards of practice are reached. In recent years, we have developed an Advance Pension Trustee Course, and this has been welcomed and supported by the Pensions Authority in Ireland.

The level of pensions regulation in Ireland has increased significantly in recent years, with the introduction of IORPs II in particular, and this has placed an enormous burden on individual pensions professionals, their employers, and also on non-pension industry trustees and employers who themselves are operating occupational pension schemes. With our educational partner Griffith College, we have seen the demand for our courses increase and through our CPD programmes we have experienced requests for additional sessions relating to some of the more technical aspects of the new rules.

So what are the next challenges - while an early 2024 introduction of a Mandatory Pension Automatic Enrolment (AE) System in Ireland is now not going to proceed, the Irish Government is resolute and pushing very hard to try implement one before the end of 2024.

Q. What does this mean for employers who are simply not meeting the current statutory requirement?

A. It would compel them, and all employers, to automatically enroll and contribute to a pension for their staff under the new system.

Q. What does this mean for employers who have a voluntary pension scheme, with an employer contribution currently?

A. They will be obliged to induct the remaining non-members into their current scheme or begin to operate two.

Employers operating with their own, well structured, well established, pension schemes prior to the introduction of AE will likely be exempt [].
However, the cost implication will still be significant, given the new levels of contributions required.

Q. Is the new AE system broadly the same as the current one apart from the mandatory aspect?

A. No, it's quite different on many levels, chiefly the tax relief and investment options, or lack thereof.

Conclusions and observations;

- Essentially the AE system aims to reach the 750,000 workers who do not have pension coverage
- An Employer would be required to match a contribution equivalent to 1.5% of base salary in year 1 of introduction and this will build to 6% match over 10 years [Total combined 14% to include the Government top up], across all applicable employers and employees.
- There would be no early retirement option under an AE system, you would have to work to 66. Under employer's own arrangement this can be age 50.
- Whilst the introduction has been delayed, there is a growing acceptance that it will be introduced in the coming years.
- An AE system will serve an ultimate good, no question. However, the AE system will never be as attractive as a higher contribution DC scheme with broader fund choice or of course the rarer still DB scheme.
- All of these significant milestones and changes bring concern, confusion and questions.

The IIPM has been developing an Auto-Enrollment preparatory course which will be available to employers and their stakeholders in addition to our Certificate, Diploma and Trustee courses. To find out more visit www.iipm.ie

WINNER

ESG/SRI Provider of the Year

The ESG/SRI Provider of the Year award went to Aviva. Receiving the award was Eoin Kennedy, Aviva (centre). Presenting the award were Natalie Tuck, European Pensions (right) and host, Neil Delamare (left).

Anyone operating in the Irish pensions space is aware of the ever-growing importance of ESG/SRI when it comes to pension fund investment, but not all players have reached sophistication levels as high as this year's winner – Aviva.

In one of the most competitive categories of all the awards, Aviva was named the ESG/SRI Provider of the Year for, said the judges, "truly understanding the role ESG can and should play in the pensions arena, and for highlighting a diverse range of ways in which it is leading the way in this arena".

First off, Aviva is committed to the ambitious target of being a net zero company by 2040, with sustainability being one of the four core pillars of Aviva's overall strategy. But it wasn't just these words that impressed the judges – it was how Aviva showcased how it is working hard in order to truly meet this target, from reducing the carbon intensity of its shareholder and policyholder investments by 2040; launching new products such as its flagship Multi-Asset ESG range in 2022; moving its legacy book to funds with a greater ESG focus; and embedding this ESG responsibility across both Aviva Investors and the Aviva Property team.

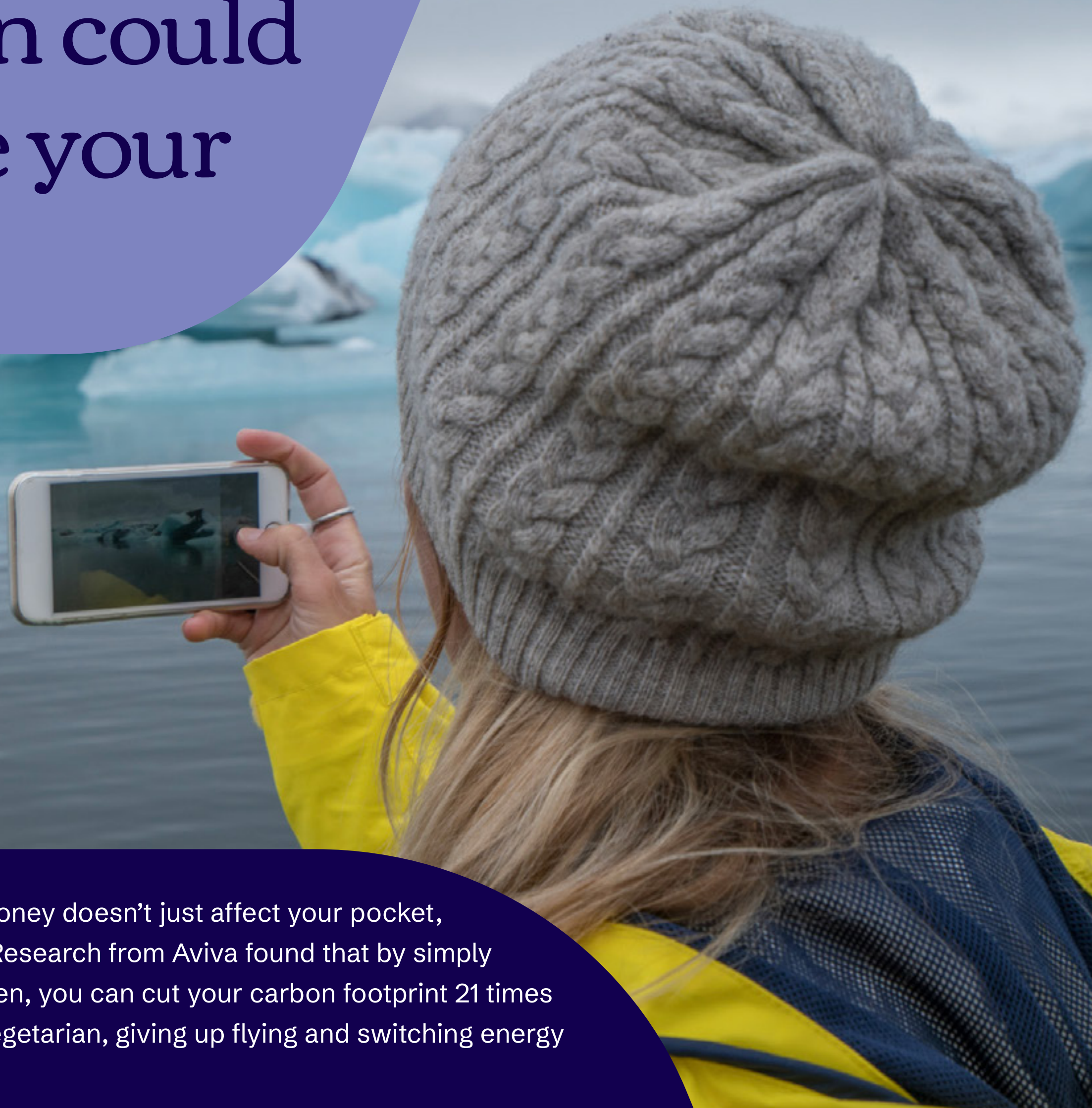
Aviva Investors, which is already a clear leader in this field, builds ESG considerations into its investments in several ways – its investment teams continually interacting with dedicated ESG analysts when making investment decisions; actively engaging with the companies in which it is invested to positively influence how these companies are run; and having firmwide exclusion policies, where they feel this is appropriate.

On the property side, Aviva's in-house property team manages its flagship 'Article 8' Irish Property Fund, which incorporates ESG considerations in a whole host of ways which caught the judges' eyes. For example, its office re-development projects all target widely recognised industry standards; due diligence for all acquisitions and disposals incorporate ESG guidelines from UNPRI; all new leases must include 'green clauses'; and the fund even uses its vacant units for the benefit of the wider community.

Aviva's submission also showcased a plethora of highlights that the firm has enjoyed in the ESG arena between 2022 and 2023 – for example, Aviva Investors voted in favour of 80 per cent of shareholder resolutions on climate and social issues; voted on 73,438 resolutions at 6,732 shareholder meetings; and undertook 3,328 company engagements on ESG matters. Additionally, in 2022, Aviva was ranked number one in Europe and number two globally in the World Benchmarking Alliances Financial System Benchmark.

This is just a small sample of the many ways in which Aviva demonstrated to the Irish Pensions Awards judges just how far it had come in the field of ESG, and how it is working hard to continue the great work it has already achieved, leading the way for the Irish pensions space.

Congratulations to all at Aviva!



AVIVA

What if your pension could change your world?

Where you invest your money doesn't just affect your pocket, it affects the planet too. Research from Aviva found that by simply making your pension green, you can cut your carbon footprint 21 times more than becoming a vegetarian, giving up flying and switching energy provider combined[1].

Talk to your Financial Broker today or log onto aviva.ie/esg

Warning: If you invest in this product you will not have any access to your money before you retire.
Warning: The value of your investment may go down as well as up.
Warning: If you invest in this product you may lose some or all of the money you invest.
Warning: This product may be affected by changes in currency exchange rates.

For pensions that can change your world. It takes Aviva.

1. In May 2021, Make My Money Matter, Aviva and Route 2 undertook a piece of research to understand the power of our pensions in tackling the climate crisis. This research compared the impacts of switching from a 'default pension' to a more sustainable option versus the impacts of making other lifestyle choices. A 'Green' pension refers to a more sustainable pension, with reduced carbon emissions, aligned to the Paris Agreement and limiting global warming to 1.5 degrees, including net zero emissions before 2050 and halving emissions in this decade.

Aviva Life & Pensions Ireland Designated Activity Company, a private company limited by shares. Registered in Ireland No. 165970.
Registered office at Building 12, Cherrywood Business Park, Loughlinstown, Co. Dublin, D18 W2P5. Aviva Life & Pensions Ireland Designated Activity Company, trading as Aviva Life & Pensions Ireland and Friends First, is regulated by the Central Bank of Ireland. Tel (01) 898 7950 www.aviva.ie.

WINNER

Investment Manager of the Year

This award recognises excellence in investment management at one of the most challenging times in Irish pensions history.

Investment market turmoil has put extra pressure on investment managers to perform so innovation and foresight have become the essential tenets of any investment manager hoping to succeed.

Congratulations to Aviva Investors, winner of the Investment Manager of the Year award. The judges said this submission highlighted a raft of investment capabilities, with a clear focus on ESG and how the firm is using their experience to provide better outcomes for pension clients.

Aviva Investors has been at the forefront of providing Irish investors with market leading investment choices for many years. It launched its first risk profiled multi-asset fund range in the Irish market in 2011. Modernising with the changing attitudes, Aviva's client-centric approach means that this fund range now incorporates ESG into the investment process and today manages circa €2.4 billion within the fund range.

Proving itself to be a good all-rounder, Aviva Investors' credit offering includes global high yield, global investment grade, liability driven credit and liquidity. In addition, its equity proposition is based on portfolios that are highly diversified, stock driven and have high active shares and controlled factor risk.

Aviva Investors' investment philosophy is style agnostic allowing it to capitalise on the best stock opportunities and changing investment environments without being constrained.

The Investment Manager of the Year award went to Aviva Investors. Receiving the award was Peter Smith (centre) Aviva Investors. Presenting the award were judge, Fionán O'Sullivan and host, Neil Delamare (left).

It also takes ESG very seriously and has set a net zero ambition for 2040.

The firm is boosted by the fact that it is part of the wider Aviva Group, the UK's largest insurance company and leading composite insurer in Ireland. It means that Aviva Investors is uniquely placed to combine its insurance heritage with its investment capabilities to deliver the outcomes that matter most to today's investor.

Always seeking to improve, in June 2022 Aviva Investors launched three multi asset ranges that incorporated binding ESG considerations into the investment process to achieve Article 8 status, as determined by SFDR regulation.

Not resting on its laurels, Aviva has harnessed its position to benefit Ireland. Through Aviva Investors, Aviva Ireland invests in a variety of infrastructure projects across Ireland. This includes the construction of a new 53km dual carriageway as well as the financing of the M11 project to design, build, finance, operate and maintain three new sections of road.

In addition, Aviva Investors supports Aviva Ireland with educating and updating the Irish broker market on changing market conditions. As part of this, Aviva Investors hosts webinars that see up to 1,200 brokers participate. Aviva Investors has demonstrated excellence across the board making it a well-deserved winner. Richly deserved!

AVIVA

Changing the game with our PRSA

The Personal Retirement Savings Account (PRSA) from Aviva

- ✔ Fixed Allocation, Passive, Active & Lifestyle funds
- ✔ Widest choice of Multi-Asset Funds
- ✔ Wide choice of Article 8 ESG Funds
- ✔ Range of contract options available

Talk to your Financial Broker today or log onto aviva.ie/prsa

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment can go down as well as up.
Warning: If you invest in this product you could lose some or all of the money you invest.
Warning: This product may be affected by changes in currency exchange rates.
Warning: If you invest in this product you will not have any access to your money until you retire.

For pensions that work for you. It takes Aviva.

Aviva Life & Pensions Ireland Designated Activity Company, a private company limited by shares. Registered in Ireland No. 165970. Aviva Life & Pensions Ireland Designated Activity Company, trading as Aviva Life & Pensions Ireland and Friends First, is regulated by the Central Bank of Ireland. Tel (01) 898 7950.

WINNER

STATE STREET GLOBAL ADVISORS

Passive Manager of the Year

Passive investing is the bedrock of pension schemes' investment portfolios, and so the Irish Pensions Awards' Passive Manager of the Year award celebrates the manager that demonstrates low tracking error, provides excellent customer service and shows a true understanding of the needs of their clients.

The Passive Manager of the Year award went to SSGA. Receiving the award were Holly Gorton (centre) and Barry O'Leary (right), both SSGA. Presenting the award was host, Neil Delamare (left).

The winner of this accolade for 2023 impressed the judges with its extensive experience of navigating the passive space, its scale of operations, and its clear commitment to the Irish market. Congratulations State Street Global Advisors (SSGA)!

SSGA has over 40 years' experience of passive investing, with $2.8 trillion indexing AUM, tracking over 800 indices for over 1,800 institutional investors.

SSGA has always focused on innovation, being among the first to offer index replication strategies and then pioneered the exchange traded fund (ETF) industry in 1993.

Lower fees are part of its growth dynamic, but it is the value that it adds via portfolio construction, performance, trading execution, and investment vehicles, that underpin SSGA's status as leaders in this field.

SSGA recognises that index manager reliability is crucial for investors, and so constantly innovates its techniques and technology capabilities to ensure the low-cost precision of performance and tracking. From low expense ratios, to managing index changes and cashflow, through to optimising the impact of trading costs, SSGA makes sure its index offerings continue to meet its clients' needs.

SSGA's goal is to deliver reliable returns with no surprises or unintended biases in the most cost-effective way possible, paying close attention to the thousands of details that can impact a fund's total performance. Its rigorous approach and proprietary portfolio management systems enable it to accurately replicate index returns, execute lower-cost trades, manage cashflow, and quickly respond to changes in index compositions - all while carefully managing risk.

SSGA's research capabilities are deep and experienced, providing fresh angles and innovative thinking on questions that affect the investment community. It continuously monitors and analyses global and local investment environments to develop new ideas and products to add value for clients.

While SSGA's clients benefit from the resources of a truly global manager, they are backed up by a very knowledgeable and responsive local team that understands the needs of the Irish market.

For instance, in Ireland, SSGA's Pensions and Investment Conference is one of the largest client events in the industry. After a Covid-induced pause, this was reconvened in 2023 with over 130 attendees and contributions from key SSGA investment leaders and external speakers.

All this makes it clear to see why SSGA is the winner of this year's Passive Manager of the Year award. Congratulations to such a worthy winner!

We assist investors globally in their pursuit of achieving better results.

We develop thoughtful and accurate investment solutions for the world's governments, institutions and financial intermediaries.

$4.1T

assets under management[1]

#1

passive global equity manager[2]

Top 10

manager of global ESG mandates[2]

#1

global asset manager for endowments and foundations[2]

How can we help you today? Learn more at **ssga.com**.

Marketing Communication

1 This figure is presented as of December 31, 2023 and includes approximately $64.44 billion USD of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

2 Pensions & Investments Research Center, published June 12, 2023; Dollar figures as of December 31, 2022. Updated Annually. Investing involves risk including the risk of loss of principal.

State Street Global Advisors Europe Limited is regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered Number: 49934. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300.

© 2024 State Street Corporation. All Rights Reserved.
ID1968050-6285177.1.1.EMEA.INST
0124 Exp. Date: 01/31/2025

STATE STREET GLOBAL ADVISORS

WINNER

Pensions Consultancy of the Year

Pensions Consultancy of the Year is awarded to the pensions/investment/actuarial consultancy firm that the judges believe has delivered outstanding service to its pension scheme clients in the last year, has shown a dedication to the delivery of pension scheme consultancy, and has demonstrated a superior understanding of the market's needs. This year's winner displayed all these characteristics and more – a huge congratulations to Mercer!

The Pensions Consultancy of the Year award went to Mercer. Receiving the award were Peter Burke and Caitriona MacGuinness (centre), both Mercer. Presenting the award were judge Isabel Vaughan (right) and host, Neil Delamare (left).

Mercer demonstrated why it was the much-deserved winner through delivering outstanding service to its clients by combining its local expertise across investments, defined contribution (DC) and defined benefit (DB) pensions, with its global breadth and depth of knowledge.

When selecting Mercer as this year's winner, the judges stated: "This firm boasts a depth of expertise, and has developed effective solutions for all sectors of the Irish pension industry with a clear focus on member outcomes."

In the DB pensions space, the judges were impressed by the consultancy's range of solutions for every stage of the DB scheme journey, from its risk exchange and de-risking solutions, to its interactive online dashboard, and its implementation and investment solutions. Mercer's ability to address common challenges in this area were highlighted through its range of expert insights shared throughout the year.

Meanwhile, in the DC pensions space, Mercer showcased its expertise through the provision of advice and solutions that consistently address employers', trustees' and members' changing needs, as well as support with all aspects of DC pension provision, from investment to administration.

The consultancy has been active in supporting DC pension clients and their scheme members through its Mercer Moments member app, which gives members information on their pension in an engaging and appealing format, bringing pensions back into the day-to-day lives of members by engaging them through insights and notifications.

The judges were particularly impressed with the work done by Mercer in preparation for the introduction of auto-enrolment in 2024, with the firm distributing a plan of action to help its clients. This plan of action supported clients though the evaluation of all the potential impacts of the new system, a variety of updates on the obligations and opportunities under the new system, and the development of a proprietary model to help estimate the impact and cost of auto-enrolment on businesses and assess the choices they need to make.

Mercer's innovation was further displayed in its master trust, which is constantly evolving to meet its clients' changing needs. Its master trust's overall communications framework also impressed the judges through its ability to provide the right support to members at the right time. Congratulations again to Mercer!

welcome to brighter

Mercer Master Trust

Building the future together with confidence

The Mercer Master Trust is an innovative defined contribution solution that combines Mercer's global investment capability, decades of administration expertise and our proven, outcomes-driven member engagement programme.

We provide the support, scale and expertise that you need to deliver strong retirement outcomes for your defined contribution scheme members.

Email us at **marketing.ireland@mercer.com**
Or visit **www.mercer.com/ie/master-trust**

Mercer (Ireland) Limited, trading as Mercer,
is regulated by the Central Bank of Ireland.

Copyright 2023 Mercer LLC. All rights reserved.

A business of Marsh McLennan

WINNER

Excellence in DC Award

Amid a rapid period of change for the DC market in Ireland, this category recognises those firms that stand out among the rest in the provision of DC solutions, be that with the use of innovation, dynamic investment solutions, effective communication or otherwise.

This year's winner impressed the judges in many ways, developing its offerings to meet the changing regulatory and economic landscape, and evolving to meet members' needs while driving DC engagement. Congrats to all of the team at Mercer!

The Excellence in DC award went to Mercer. Receiving the award was Caitriona MacGuinness, Mercer (right). Presenting the award was host, Neil Delamare (left).

Working to support its 700+ DC clients and their 150,000+ scheme members, Mercer has made a number of advancements over the past year, evolving to meet changing market needs.

A key example of this is the new "Mercer Moments" member app, an innovative app that encourages members to understand and engage with their pension savings, providing savers with their pensions information in a simple and user-friendly way.

Bringing pensions back into the day-to-day lives of members, the app is designed to help savers shift into the habit zone through a combination of insights and notifications. This includes nudges to increase pension contributions around milestone birthdays, and ongoing information, education, and support in the approach to retirement.

With so much change at once, Mercer has worked to ensure that its clients are updated on any new obligations and opportunities for employers, trustees and employees, including educational presentations, webinars, podcasts, FAQs, and proposed journey plans for its existing DC plans.

Mercer has also worked to stay one step ahead of the new auto-enrolment requirements, helping employers and trustees to consider how the rules can best be implemented and the best next steps.

Working to understand the challenges faced by its clients from the introduction of auto-enrolment, Mercer put in place an action plan to help them understand their implementation options.

Its expert group, including representatives from across the DC business, played a key role in this work, engaging with the wider industry to better understand the detailed requirements of auto-enrolment and evaluate all the potential impacts of the new system on pension schemes in Ireland.

Putting this insight into action, Mercer also worked directly with policymakers to represent the voice of its DC clients, including making a submission to the Joint Committee on the draft heads of legislation and advocating for adjustments to the draft legislation to simplify implementation for occupational DC schemes.

Alongside this, Mercer has continued develop its master trust to meet its clients' evolving needs across investment, administration and communications while bringing it all together in a robust integrated governance framework.

Congratulations again to all at Mercer on a very well-deserved win!

welcome to brighter

At Mercer, we believe in building brighter futures.

Together, we're redefining the world of work, reshaping retirement and investment outcomes, and unlocking real health and well-being.

We do this by meeting the needs of today and tomorrow. By understanding the data and applying it with a human touch. And by turning ideas into action to spark positive change.

For more than 70 years, we've been providing trusted advice and solutions to build healthier and more sustainable futures for our clients, colleagues and communities.

Welcome to a world where economics and empathy make a difference in people's lives.

Welcome to brighter.

www.mercer.com/ie

A business of Marsh McLennan

Mercer (Ireland) Limited. Registered Office: Charlotte House, Charlemont Street, Dublin 2. Registered in Ireland no. 28158.

WINNER

Communication Award

The Communication Award has become one of the most important accolades to be presented at the Irish Pensions Awards, given the ever-growing need for impactful and effective communication in today's complex pensions world.

This award aims to recognise those firms that have used innovation and/or creativity to help improve pensions communication, be it through a particular product, service offering or overall business approach.

The Communication Award went to New Ireland. Receiving the award were Claire Parsons (centre) and Isabel Vaughan (right), both New Ireland. Presenting the award was host, Neil Delamare (left).

This year's stand-out winner was New Ireland – a company which, said the judges, "truly understands the need to communicate key messages to customers in effective ways". Presenting information, they agreed, in "an engaging manner, using clear language and visuals, shows this firm understands its member needs and works tirelessly to meet them".

One of the key messages the judges received from New Ireland's approach to communication was their belief in the need to put members in control – something it has achieved with strong results by members initially simply clicking on a personalised email, and then following a few short steps on MyPension365 to join the plan.

From that point, members are empowered to make informed decisions about their entire retirement journey, whether that is by changing contributions easily, viewing their projected retirement fund, requesting ad hoc statements and so much more.

Along the way, New Ireland works hard to ensure all information is presented using clear language and visuals in order to make it as engaging as possible to the member, as well as there being opportunities for bespoke messaging options throughout, such as a nudge to take action.

Ensuring a personalised, informative and helpful experience for members along the entirety of their retirement journey – from the early/mid-career stage, to nearing retirement and then at retirement and beyond - is a key factor in New Ireland's success in this area. By keeping members well informed and updated on the progress of their plan, be that via member presentations, pensions calculators or risk profilers, for example, they continue to feel engaged and empowered which, argued the judges, is rare in the pensions space where members tend only to engage with their pensions towards the end of their journey.

MyPension365 also provides fully digitised end-to-end administration to include, for example, members being on-boarded in real time via email; easy to upload monthly contributions; and automatic validation for enhanced payroll efficiency.

Finally, New Ireland understands the need to continue to support its digital offerings with ever-important access to people, and has built new specialised and dedicated administration teams in a range of disciplines, with over 40 dedicated servicing specialists working in these teams.

Congratulations New Ireland!

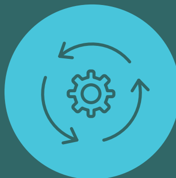
PROTECTION | **PENSIONS** | INVESTMENTS

The New Ireland Master Trust

The New Ireland Master Trust transforms the member, employer and Advisor experience delivering strong member engagement, efficiencies for employers, a world class investment solution and excellence in governance.

A market leading member experience with MyPension365

A world class investment solution



Leading edge operational efficiency

Excellence in governance

To find out more about the New Ireland Master Trust and MyPension365, talk to your Financial Broker or Advisor or visit

newireland.ie/master-trust/

New Ireland Assurance Company plc is regulated by the Central Bank of Ireland. A member of Bank of Ireland Group.

WINNER

Pensions Technology Provider of the Year

L&P Systems works with a wide range of businesses globally to provide cloud-based technology solutions and services. Its products cover a whole host of functionality for all pension scheme types.

Its team in Ireland is led by head of consultancy, Joan Whelan, who has over 30 years of experience in the Irish pension market. Many of their team have more than 20 years experience in both the Irish and UK pension market.

The Pensions Technology Provider of the Year award went to L&P Systems. Receiving the award were Geoff Brown and Joan Whelan (centre), both L&P Systems. Presenting the award were Laura Blows, PensionsAge (right) and host Neil Delamare (left).

L&P Systems' offering, Pension Master, is a comprehensive and flexible administration system for pension schemes, developed by pension administrators for pension administrators. Pension Master supports all scheme types, including defined benefit, defined contribution, career average related earnings, SSAS, PRSA and wealth management schemes and the legislation attached to them, including auto-enrolment, SORP requirements. It encompasses an extensive record of members, calculation and reporting facilities with full integration to Microsoft Office to ensure only the best solution is provided for schemes' pension administration needs.

On the member side, L&P Systems provides a state-of-the-art, member self-service portal that is interactive and easy to use. Members can access the portal at any time, in any place, and from any device, to perform updates, view contributions, benefit statements and monthly payslips, and make investment decisions.

Meanwhile, L&P Systems' Payroll Master offers a comprehensive payroll solution to support the needs of pension administrators. This flexible solution is for all types of pension payments and provides facilities for pensions payments on any frequency and supports multiple payment methods into multiple currencies.

L&P Systems' Pension Accounts Master allows the user to enter credit and debit transactions by using a Bank Receipt, a Bank Payment, or a Journal Entry. Moreover, Annual reports and financial statements, complying with FRS 102 and 2018 Pension Statements of Recommended Practice (SORP), are provided as standard.

Finally, L&P Systems' Workflow Master solution facilitates the efficient management of company processes including document management, reducing human error and inspiring team collaboration. Its Data Exchange Portal enables pension scheme administrators to receive the regular pension data electronically and securely from employers with specific workflows managing the receipt, validation and processing of the data on to the workplace pension system of choice.

For providing vital technological solutions to the pensions market, L&P Systems has proved itself a worthy winner.

Congratulations to the team at L&P Systems on being crowned the winner of the Pensions Technology Provider of the Year award!

Award winning pension administration software solutions for a modern world.

We deliver cutting-edge technology solutions tailored to the demands of the modern world.

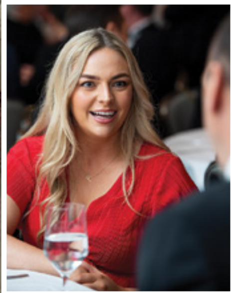
Businesses of all sizes partner with us for our personal and expert approach to providing first class pension administration software and support.

Our track record of excellence speaks for itself. Award-winning and client-focused, we offer 'off the shelf' and bespoke solutions designed for effective and efficient management of your pension schemes.

Find out more and book a demo today at **lpsystems.com** or email us **info@lpsystems.com**

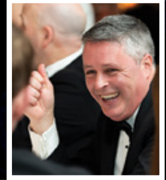
CONSULTANCY | DESIGN | INSTALLATION | MANAGEMENT

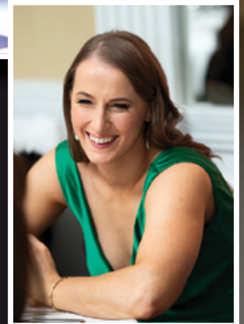
European Pensions

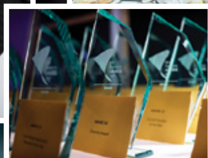


Irish
Pensions
AWARDS

Irish Pensions AWARDS 2023







NEW VENUE!

SAVE THE DATE

20 November 2024

The Round Room
at the Mansion House

Organised by
European Pensions

Media Partner
PENSIONSAge

www.europeanpensions.net/irishawards
@EuropeanPension #IrishPensionsAwards

GENDER PENSION GAP

Barbieland: A pensions dream

Can practical solutions be implemented to help lessen the impact of the gender pension gap? Or is it all just a Barbieland dream? Natalie Tuck **investigates**

WRITTEN BY **NATALIE TUCK**

If only we lived in Barbieland, "where all problems of feminism and equality can be solved" then there would be no need for this feature. Instead, the annual press releases highlighting the gender pension gap are already making their way into the inboxes of pensions journalists as we approach International Women's Day 2024 – which takes place on the 8 March.

The latest figures from the European Insurance and Occupational Pensions Authority (EIOPA) suggest that women's pensions are likely to be about a third less than that of a man in the European Union. Not only that, EIOPA's data also reveals that women in the EU are 10 percentage points less financially confident about retirement than men.

The pace at which the gender pension gap is narrowing is also rather slow. Data from the European Parliament reveals that between the years 2010 and 2017 the average EU gender pension gap did not vary significantly, showing a slight decrease in the later years, moving from 40.8 per cent to 35.7 per cent.

There are three main factors that cause the gender pension gap, summarises Mercer Germany partner, Graham Pearce: "First is the difference in earnings. Plus, the fact that women are more likely to either work for a smaller employer, or be in a form of employment that's less likely to have a pension plan attached to it.

"The third factor is that women are still much more likely to take time out of their careers (part time or full time) to care for relatives, whether that's children or, increasingly, the older generation who also need looking after."

All these factors contribute to women having lower lifetime earnings than men, and pensions – apart from basic pensions that are offered in some countries – are intrinsically tied to earnings. Speaking about Sweden's

income-based pension, Swedish Pensions Agency analyst, Kristin Kirs, says: "As long as there is the connection between income and pension and women have lower earnings than men then there will be a gender pension gap."

"In Sweden there are calculations that say it will take about 100 years before the gender pay gap is closed, or the gender earnings gap. It means that income-based pensions will be gender equal 40 years after that. If we want gender-equal pensions sooner than that then we need to do something within the pensions system," Kirs explains.

In 2021, the OECD, in its *Towards improved retirement savings outcomes for women* report, stated that there are "ways to design retirement savings arrangements that mitigate their effects on the gender pension gap". The report said that while pension systems cannot address all drivers themselves, such as those stemming from the labour market, the design of pension systems and products should at least account for and accommodate gender differences.

Spousal support

But what do those changes look like? One option is the introduction of survivors' protection within pensions. A report by the Swedish Pensions Agency published in February 2023 deemed this to be the most appropriate solution for the country's income-based pension.

Such a protection is already available within the premium pension in Sweden. The way this would work is that when a person applies for a pension, they could choose survivors' protection. The pension is then calculated for two lives instead of one and both spouses' ages are taken into account. It would, of course, lower the pension amount but ensure that a pension would continue to be paid to the widower, Kirs explains.

"The survivors' protection has several advantages, because introducing survivors' protection would be financed within couples, not by the taxpayers or other pension savers (because they would take a lower pension). It would probably lower the gender pension gap significantly and not violate the lifetime income principal," she says.

This lifetime income principal is critical to pensions, and Kirs stresses that the more the pension system is adjusted to level out gender pension differences, the less connection between work and pension there is, which comes with other negative labour market impacts.

Of course, there is no one-size-fits-all when it comes to pensions in Europe. Take the UK, for example, which introduced the 'pension freedom' reforms back in 2015, allowing people to choose what they wish to do with their pension in the decumulation phase. This, tied in with the shift from defined benefit (DB) to defined contribution (DC) pensions, could negatively impact widows. That's because in the traditional DB pensions, spousal protection was commonly built in, but with DC pots the individual has to plan for that themselves. If it is not built into an annuity, or they opt for drawdown and the money runs out, then there will be nothing for the person left behind.

"The trouble is, with choice comes responsibility. The outcome is much more dependent on the individual decisions of members," Pearce says, adding that it's about making sure people are "absolutely aware of the consequences when they're making choices that don't just impact their retirement income, but also the money their spouse or partner will receive. Sometimes, people end up making choices that increase their own benefits but leave their spouse with no entitlement at all".

There are also other ways spouses can support each other with pension savings, as set out by the OECD. "One way to compensate for the periods that women spend off work without contributing to the funded pension system is to allow spouses to contribute to each other's retirement savings plans," the OECD's report states.

In Europe, this is seen in the Czech Republic and Latvia, where anyone can contribute to an individual's voluntary personal pension plan, including the individual's spouse. The husband, wife or civil partner can also contribute to a spouse's retirement savings plan, usually a personal plan, in Hungary, Lithuania, Spain and the UK.

Another idea is to allow couples to split or transfer their accrued pension rights and assets between themselves during the accumulation phase, which is seen in Iceland, the Netherlands and Sweden.

In Iceland, pension fund members can decide that up to one-half of their retirement pension rights accrue to their spouse or former spouse. The problem is that uptake of such schemes is low. The OECD found that in 2019 the number of contracts with a mutual split agreement was just 73, compared to more than 200,000 members in the occupational pension system.

In Sweden, where the option is available within the premium pension – and has been suggested by the Swedish Pensions Agency for the income pension – there is also "very low interest", Kirs says. "It is only about 1.2 per cent of the couples that transfer premium pension entitlement. The reason that we suggested it is because voluntary survivors' protection would not protect divorced women so this is an alternative to protect them but the

interest would probably not be that high," she adds.

Access to pensions

Another simple solution is improving access to pension schemes for women. A report by Now Pensions found that in the UK there are around 100,000 more young female workers than young male workers currently locked out of auto-enrolment due to their age and earnings.

As a result, the pension provider is campaigning for the reduction of the auto-enrolment age threshold to 18, as well as the removal of the lower earnings limit for auto-enrolment. The Department for Work and Pensions (DWP) is expected to publish a consultation this year on the regulations under the Auto Enrolment Extension Act, which would see these measures implemented.

Now Pensions also thinks the government should look to introduce measures that address the issue of multiple jobholders. For example, the removal of the £10,000 auto-enrolment earnings trigger would enable women with multiple low-paid jobs to start saving for their pensions immediately.

Pension dashboard

When it comes to the regulator, EIOPA is pushing the creation of a pension dashboard as a step to closing the gender pension gap. Its chair, Petra Hielkema, went as far to say that the gender pension gap cannot be closed without the introduction of a pension dashboard, at its last Annual Conference. "Two years ago EIOPA gave its advice to the commission on building a pension dashboard and a pension tracking system… we cannot close the pension gap, raise the awareness that is needed without measuring it," she said.

Pearce agrees that "more transparency will help because the more information people can access about what they're entitled to, the better". However, he says it will "only help to some extent, because there's a lot of information available at the moment that many people don't necessarily take the time to understand".

Thinking outside of the box

When it comes to saving for a pension, Pension Research and Consulting founder and managing director, Seda Peksevim, believes that behavioural and technological tools could help reduce the gender gap in pensions.

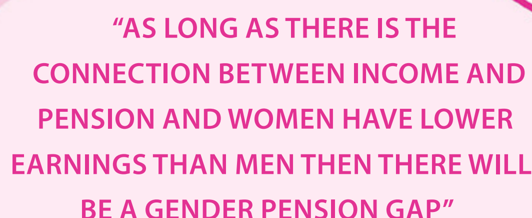
Whilst not widely seen in Europe, apart from a scheme in Spain that was funded by the European Commission, countries such as Mexico and Australia are utilising behavioural economics to help people boost their pension savings.

The platforms work in the following way; when a person goes to a shop to buy something, a predetermined percentage of their spend on certain goods is automatically transferred to their retirement savings account. "I think these tools can be particularly effective in reducing the gender gap in pensions in European countries," Peksevim says, adding that Australia is utilising such tools to help reduce its own gender pension gap.

In Mexico, the Miles for Retirement platform, which uses this system, takes those savings and invests them into lifecycle funds, which are converted into annuities at retirement. "It's like a fourth pillar of pensions in Mexico," Peksevim notes.

"These platforms are also open to self-employed people. They are not linked to formal employment, social security systems or third pillar private pension systems. One of the main reasons why women cannot have a formal pension plan in emerging market countries is because, generally, they prefer to work in part-time or informal jobs – and self-employment. So, if these platforms are also open to self-employed people, you don't need to work in a formal way, these can particularly contribute to the retirement savings of women, self-employed people and people with low incomes," Peksevim says.

Peksevim quotes research from Australia, which found that the average user of the Boost Your Super consumption platform can save an additional AUD 400 annually. "If you compound this with a 5 per cent annual yield and adjust it for inflation, that could boost your retirement savings by roughly AUD 65,000," Peksevim says.



IORP II REVIEW

Carving out the detail

The review of the IORP II Directive took a significant step forward in September when EIOPA issued technical advice on how it should progress. But while the broad thrust of the advice was given a cautious welcome by the IORP community, concerns linger over some key issues

WRITTEN BY **SIMON WATKINS**, A FREELANCE JOURNALIST

At every stage of its evolution, the European Commission's directive on Institutions for Occupational Retirement Provision (IORP) has been hotly contested. From its first iteration in 2003 to its review in 2012 and the issuing of IORP II in 2016, concerns have centred on the pace and depth of harmonisation of IORP rules across the EU. According to those in the IORP community, the latest advice from the European Insurance and Occupational Pensions Authority (EIOPA) on further reforms to the directive, issued in September last year, has gone some way to easing those concerns.

EIOPA highlighted the trend across Europe for pensions to move from defined benefit (DB) to defined contribution (DC) and emphasised the need to protect the legacy of DB schemes while ensuring members in DC are protected and empowered.

On these broad principles there is little or no dissent from key stakeholders. "We are not that unhappy with the advice," says PensionsEurope secretary general and chief executive, Matti Leppälä, "because, if we compare this to the previous review, it is better."

Leppälä is most relieved by EIOPA's decision not to recommend harmonisation of solvency rules across the IORP community. "A harmonised solvency framework on IORPs – in the same way as for insurers and banks – is not there and that is the main thing that we are very happy about," says Leppälä.

The relief is shared by the Dutch Federation of Pension Funds head of Brussels office, Matthies Verstegen. "EIOPA is proposing evolution not revolution. When we moved from IORP I to IORP II they were talking about harmonised capital requirements and there is no such idea in this advice. They are tweaking IORP II and that is the right approach," Verstegen says.

One aspect of the advice that has been broadly welcomed has been its statements on proportionality – how the directive distinguishes between IORPs of differing sizes and risks.

The IORP community across Europe is far from homogenous. EIOPA data shows that at the end of 2021 there were 88,848 separate IORPs in the EU, with 99 per cent of these entities located in Ireland. With such a range of IORPs, establishing common risk assessments has been a fundamental challenge. Earlier proposals had suggested a binary distinction between 'low risk' and 'non-low risk' IORPs. The idea raised concerns at PensionsEurope and at several national IORP groups.

The range of governance structures across the IORP community is a particularly important matter for the European Association of Paritarian Institutions (AEIP), as its members are non-profit social institutions, in which the IORP forms one pillar of a triangular structure alongside employers and employees.

AEIP's policy adviser on pensions and financial affairs, Panayiotis Elia, says the AEIP is concerned the advice does not adequately distinguish this type of organisation within the IORP community.

"Our members are not-for-profit, they do not sell products and this is critical to us," he says.

Exemptions

Earlier proposals suggested IORPs with fewer than 100 members should be exempt. The new advice suggests the bar should be raised to IORPs with fewer than 1,000 members and assets of less than €50 million.

Again, this has been welcomed by PensionsEurope, but Leppälä points out the threshold still raises some issues: "About 30 per cent of IORPs would fall below this threshold and in some countries all IORPs will fall below this threshold. If, in the end, only a few countries are left within the full scope of the directive, how legitimate is the whole European framework? On the other hand, of course, the smaller countries with smaller IORPs can see advantages."

Communications

Proposals for how IORPs must communicate with members are another point on which there is unease and for the Dutch Federation of Pension Funds this is the biggest single sticking point. "Our number one issue is over communications with members," says Verstegen. "EIOPA is looking to have more information put in the pension benefit statement; more details about sustainable finance and more details about costs. We are not against transparency, but is it right to put all this information in this single document?"

PensionsEurope also favours a less prescriptive approach, again because of the wide variety of practices already in place among IORPs. "We would rather have a more principles-based approach," says Leppälä.

Sustainability requirements

The importance of sustainability in IORPs' investments is not contested, but once again there are worries EIOPA is aiming for too much standardisation, in particular the mechanism by which IORP members can guide sustainability policies. One of EIOPA's proposals is for surveys of members, wherever possible, to determine their views and expectations for sustainability.

"EIOPA IS PROPOSING EVOLUTION NOT REVOLUTION"

Again, there is sector approval for the broad principle, but not for the detailed solution.

"It is right that boards of trustees should be required to integrate sustainability into policy as a matter of principle," says Verstegen. "We are cautious about how that would be implemented and if requiring a member survey [*is necessary*] when many IORPs have governance structures for reflecting members' interests such as member representation on boards."

The cross-border challenge

EIOPA concedes that its cross-border pension objective remains unfulfilled. At the end of 2021 there were just 31 IORPs operating across national borders. Differences in national social and labour laws are a significant obstacle to an expansion of cross-border arrangements. Rules on the size of majority of members needed to permit cross-border transfers also vary between states.

Standardising voting rules for transfers are proposed in the EIOPA advice, but the responsibility for establishing the prudential rules required by IORPs for cross-border operations is seen as being a matter for national authorities.

Verstegen points out that a number IORPs are working effectively cross-border between Belgium and the Netherlands, but he questions whether trying to drive a single market in IORPs is worth the effort.

The bigger picture

The future of IORPs, and pensions in general, is inseparable from wider social and economic issues. EIOPA's advice references these issues, but Mercer strategic risk management leader for Europe Zone, John O'Brien, says integrating IORP II with action on these other issues is vital.

"While we welcome the focus on DEI, ESG and the impact of the shift from DB to DC in the latest draft advice, some of the biggest issues in European pensions currently relate to areas not directly addressed – pensions adequacy against the backdrop of ageing populations, coverage and the gender pensions gap. While it is not exclusively for future IORP directives to solve these issues, the regulation of IORPs needs to dovetail carefully with the commission's broader legislative."

For now, the industry doesn't expect any further announcements on IORP II until after June's upcoming European elections. The IORP community is overall in a positive state of mind but there are areas where the devil will be in the detail.

INTERVIEW

An eye for Impact

Impact Europe's new head of policy & EU partnership, Jana Bour**, explains how her background led her to the role, and how the organisation is making a difference**

WRITTEN BY FRANCESA FABRIZI

From law and public policy, to real estate and sustainability, please tell us about your background.

■ Since I can remember, advocating for others has been my passion, leading me to pursue law school as a natural early career choice. As a Slovak citizen, I embraced the benefits of my country joining the European Union and sought to further my education by obtaining an LL.M. in European Law from Maastricht University.

During my time in Maastricht, I developed a deep appreciation for the complexities of European policymaking and the value of uniting diverse jurisdictions into a single market. While there remains much work to fully integrate our markets, particularly evident in the inefficient and disintegrated capital markets faced by the pensions sector, I found excitement in the opportunities for innovative thinking, collaboration with stakeholders, and negotiations with policymakers.

Since joining the European Parliament as an intern in 2012, I've immersed myself in EU affairs, public policy and representation across various sectors – from auditing to listed real estate. My responsibilities have included leading engagements on the EU Green Deal and sustainable finance policy, establishing the Sustainable Finance Disclosure Regulation (SFDR) working group, and shaping policy recommendations in tax and financial regulations.

Notably, I played a pivotal role in advocating for real estate activities to be recognised under the EU taxonomy, overcoming initial challenges to ensure their inclusion, and witnessing the subsequent alignment of real estate investment trusts (REITs) with this framework. During that time, we also celebrated the introduction of the long-term equity category under Solvency II and the OECD's exemption of REITs from the scope of GLOBE II.

Congratulations on your recent appointment to Impact Europe. Tell us about the organisation.

■ It was a delight to join Impact Europe (previously EVPA) now, amidst the impressive evolution of both the organisation and the European impact investing market. Founded in 2004 by visionary venture capitalists, EVPA recognised the potential of deploying capital and expertise to support social entrepreneurs addressing neglected societal issues, birthing venture philanthropy in Europe characterised by tailored financing, non-financial support, and impact measurement.

Fast forward to 2024, as we celebrate Impact Europe's 20th anniversary, venture philanthropy and impact investment in Europe have come a long way, embraced by key stakeholders including investment funds, foundations, corporate social investors, and public actors. At the EU level, the European Commission has become a crucial supporter of this entrepreneurial approach to philanthropy and investing to address social issues.

As the field evolved and the mainstream financial sector shifted towards impact, new practices and strategies emerged, emphasising impact as a crucial motivation for investment. In 2018, Impact Europe clarified the distinction between investing with impact, where impact is a secondary dimension alongside financial return, and investing for impact, where impact is the primary driver of investment decisions. Despite the organisation's new name, Impact Europe remains dedicated to investing for impact, guided by intentionality, additionality, and measurability to ensure investments drive positive social and environmental change.

What does your role as head of policy and EU partnership entail?

■ I contribute to the strategic planning process, aligning policy initiatives with Impact Europe's overarching goals. Leading the policy department involves monitoring legislative changes, identifying policy engagement opportunities, and crafting positions that reflect Impact Europe's mission.

A key aspect of my role is fostering partnerships with stakeholders like EU institutions, policymakers, and industry associations to advocate for

supportive regulations for impact investing. Collaborating with the Global Steering Group for Impact Investment (GSG), along with its National Advisory Boards and the Global Alliance for Impact Lawyers, we've unified our stance on SFDR in a joint letter to the European Commission, emphasising the distinction between sustainable investments and those intentionally seeking social or environmental impact.

The European Securities and Markets Authority's (ESMA) recent announcement on updating guidelines for funds using ESG or sustainability-related terms aligns with our efforts. These guidelines will require funds using impact-related terms to demonstrate their intention to generate measurable positive social or environmental impact alongside financial returns.

What are your key focus points in the role going forward?

■ Despite many efforts and growth of the market, the acceleration needed for the United Nations Sustainable Development Goals (SDGs) by 2030 has not yet been achieved. It is essential to continue uniting market representatives and speaking with one voice, although this can be more challenging in the impact investing industry due to its innovative nature and diverse national markets. For instance, in the Netherlands the market is driven by their pension funds (€76 billion under management), according to a study by the Netherlands Advisory Board on impact investing (NAB). On the other hand, in Spain, 71 per cent of investors represent individual investors (retail/mass merchandising); while the French market is slightly led by traditional and ethical banks investing in impact investment vehicles, as per the *Accelerating Impact* report *[Impact Europe, 2022]*.

"IT IS ESSENTIAL TO CONTINUE UNITING MARKET REPRESENTATIVES AND SPEAKING WITH ONE VOICE, ALTHOUGH THIS CAN BE CHALLENGING"

To unlock investments for impact, tailored solutions are needed for different types of investors. Establishing a working group focused on retail investment strategy, IORP II, Solvency II, AIFMD and other relevant regulations will allow us to collaborate with Impact Europe's members to advocate for a better regulatory environment.

Addressing the perceived higher risk associated with impact investments is also crucial. Exploring hybrid financial instruments and blending financial solutions can help attract institutional capital towards impact without compromising returns. Public donors like EIF, EIB, or national governments can play a vital role in assuming higher risks, particularly in early-stage financing.

Finally, Impact Europe, in collaboration with GSG and several national advisory boards, aims to amplify voices in both public policy and data. Over the past three years, Impact Europe's knowledge team has led efforts to harmonise impact data at the European level, establishing a consensus on the definition of impact investing and its nuances, including clear mention of additionality for both investors and investees.

The second harmonised market study is coming soon!

2024 PREVIEW

Flying steady through turbulence

Following a year plagued by economic uncertainty and geopolitical unrest, European pension sectors will be hoping for a less turbulent 2024. Jack Gray **takes a look at the major developments expected in the pensions landscape this year**

WRITTEN BY **JACK GRAY**

With the short-term economic shockwaves of the Covid-19 pandemic and geopolitical tensions, the European pensions industry is continuing to look to the long term. Managing this turbulence is not an easy task, but pension sectors across the continent are aiming to fly steady through the uncertainty to continue improving pension systems' sustainability and member outcomes. We look at the key developments in more detail on a country-by-country basis.

Ireland

This year promises to be a busy one in the Irish pensions space, with the effects of implementing the IORP II Directive being felt with further consolidation, as well as the introduction of legislation for the country's auto-enrolment system being expected in 2024.

"We are likely to see a continuation of consolidation in the DC market," explains Irish Association of Pension Funds CEO and PensionsEurope chair, Jerry Moriarty.

"The application of the IORP II requirements to all schemes, irrespective of size, has made it very difficult for smaller schemes to continue to exist on a standalone basis. Figures from the Pensions Authority showed that, by the end of October 2023, there were a total of 17 master trusts. Those 17 master trusts had over 275,000 active members, almost 125,000 deferred members and €17.7 billion in assets. This represents an increase in over 220,000 members and €10 billion in assets from the beginning of 2023. As the deadline for schemes to have either put in place all the requirements to comply with IORP II was the end of 2023, this number will have grown further."

He notes there will be further focus on IORP II requirements in 2024, with particular emphasis on the preparation of own risk assessments and critical reviews of service providers. This year will also see developments for the country's upcoming auto-enrolment system, a reform that will likely transform the pensions landscape in Ireland. The legislation to underpin the policy is due to be published, and with the processes for the administrator investment managers to be finalised, and a public awareness campaign to be started, there is "a lot that needs to be put in place" to get it up and running," Moriarty says.

In the DB pension space, Ireland is likely to see an increase in buy-in and buyout activity. "To date, there has been much less focus on this than in the UK, but much improved funding levels are opening up more opportunities," Moriarty concludes.

Italy

The integration of ESG factors into the investment process and private market investment are key themes in the Italian pension sector. Italian pension funds are required to get to grips with accurately reporting on how they assess ESG risks, how they pursue sustainability goals, and how they measure their performance, Mercer Italy Wealth leader and partner, Luca De Biasi, notes.

"At the asset allocation level, Italian pension funds are showing increasing interest in private markets," he continues. "Investment in private markets is rather recent for second pillar pension schemes; due to the limited number of internal resources, implementation is mainly through mandates.

"The geographic exposure of portfolios is mainly European, with a strong bias toward domestic investments."

To increase their range of investment options, Italian pension funds are exploring lifecycle mechanisms, including as a default option for unengaged members. "After all, OECD recommendations support the implementation of these schemes, which provide for an automatic adjustment of the member's asset allocation over the years with progressive de-risking as retirement approaches," De Biasi adds.

Norway

One of the key themes in the Norwegian pensions space this year is sustainability. Like most, if not all, European countries, the age demographic of people living in the nation is shining the spotlight on the affordability of the pension system and the challenges faced by the labour force. The authorities recently evaluated the 2011 pension reform, with the findings to influence developments and pensions debate going forward, according to KLP director for strategy, analysis and working life, Morten Gjelstad.

"The aim of the evaluation was to safeguard the economic and social sustainability of the Norwegian pension system," he explains. "The most important finding from the evaluation is that the essential features of the reform will be consolidated. This means that key elements of the reform will be retained, for example, everyone will accrue pension entitlements through all their years of employment, and pensions will be adjusted for life expectancy.

"Flexibility in terms of combining pension and employment income without reducing the pension is also important." Gjelstad notes that the government is also proposing adjustments to the pension reform to safeguard the economic and social sustainability of the pension system in the future, including that the minimum age to begin pension withdrawals should gradually rise by one to two months per cohort for those born in or after 1964. "The important development this year will be the proceedings in the Storting, which we expect to adopt the proposed principles in the spring of 2024," he adds.

Finland

"In Finland, there is currently a discussion about pension reform," states Varma public affairs manager, Sampo Varjonen. "Last year, the government of Finland set a goal of €1 billion in cost savings in the pension system. One suggestion that has been talked about is increasing the allocation of stocks in investment portfolios. Pension companies have long been discussing the need to achieve better returns on invested pension funds." These potential reforms will be discussed and prepared in a working group this year, he continues, and as Finnish pension companies' risk-taking is limited by regulations, collective deliberation will be required. In the self-employed pension space, earnings-related pension companies are required to review the YEL income of self-employed savers, with these reviews to continue in 2024.

The Netherlands

The biggest development in the Netherlands this year will be continuing the transition to the new pensions system under the Future Pensions Act (WTP). Dutch pension funds are required to switch to the new system by 1 January 2028. "Without any doubt the biggest development in the Dutch pensions sector – since 1 July 2023 – is the implementation of the WTP," says Dutch Federation of Pension Funds chair, Ger Jaarsma. "Many Dutch pension funds are preparing for the transition, although speed and progress varies due to the ambition each fund has chosen. Some funds are for instance aiming for a mid-2025 date, while others are happy to complete the transition in 2027. Interest rates can complicate matters, so those figures are monitored."

Aon Netherlands Wealth Solutions CEO, Frank Driessen, agrees that the biggest trends in 2024 will be the impact of interest rate developments and possible adjustments to the WTP, specifically regarding participant consent for the transition to the new system. "Protective structures for the coverage ratio for the remainder of the current pension system will also be a significant development in the Netherlands in 2024, as well as the impact of rising costs as a result of WTP for insured schemes, and deciding whether compensation will be paid as a pension or in cash," he continues.

"There will be assessments of WTP in the light of a modern employment conditions package, but one of the main challenges will be the increasing shortage of pension personnel to realise the WTP transition."

Jaarsma notes that, as political parties critical of the WTP recently gained a majority in the Dutch parliament, the government may want to adapt or even abolish the WTP, but that until further notice the WTP provides pension funds with clear deadlines that will see it dominate the pensions landscape.

Denmark

Pension investment is high on the agenda in Denmark this year, with the government, industry and regulators looking to find investment solutions in three key areas: Climate, the social sector, and defence.

"We are trying to focus on what it takes as a sector to invest in those areas," says Insurance & Pension Denmark deputy director, Tom Vile Jensen. "This includes public/private partnerships to build properties for in an efficient way and as a sound investment as well. We are trying to promote that model, but we need to get the regulations, the culture, and the understanding in the public sector right." Danish pension funds will be getting to grips with the large amounts of regulation that has been introduced in the past few years by the government, Supervisory Authority and the EU, especially in relation to sustainability, according to Vile Jensen. "We are trying to help *[pension funds]* **handle the amount of regulation and information requirements through implementation support and industry solutions," he states. "We are trying to use 2024 to be ready to meet all the disclosure requirements next year. The Danish pension sector back in 2019 made a pledge of investing €45 billion in the climate transition. We are going to make a new announcement this year about trying to put that on the basis of the European Environmental Taxonomy. We have been working on that for a long time, it's a bit complicated, but we are still committed to continue investing the money in the climate transition by 2030."**

Germany

Mercer Germany Wealth leader, Michael Sauler, says there are two main overarching themes in the German pensions sector in 2024: Digitalisation and the evolution of investment strategies to adopt to the new regime in markets and long-term opportunities. "Digitisation in Germany – and particularly around pensions – has still a lot of ground to cover before unlocking its full potential," he says. "Automation of pension processes needs to increase to better allocate sparse human resources and beneficiaries expect digital access to their benefit statements – anytime, anywhere. Technical solutions are available, and we expect companies to make greater use of them to increase the user experience and leverage efficiencies."

Meanwhile, investment portfolios will need to continue to adapt to the new regime in markets, Sauler argues, with higher interest rates and volatile inflation resulting in muted real returns. "Depending on accounting standards, the funded status of many DB pension plans has increased and still presents an opportunity to de-risk," he adds. "Efficiently matching benefit payments while providing attractive returns requires smart portfolio construction and testing whether portfolios are still up for the challenge. To attract and retain key talents, DC-type plans with attractive return potential for employees are a crucial building block and will increase in popularity."

France

Following the unrest in France amid state pension reform in 2023, the pensions landscape in 2024 should be less volatile, according to Mercer France Wealth sales leader, Benjamin Sanson. In the private pensions space, "a few measures" from the value-sharing law in November 2023, which aims to share profits more effectively between companies and employees, will gradually take effect until 2025, when every profitable company with more than 11 employees will have to introduce a value-sharing system, such as a company savings plan and/or pension scheme.

"In 2024, the main change we'll see will be the inclusion of an environmentally labelled fund in collective company savings schemes," Sanson continues. "The new requirements will create systematic access to these types of funds for all employees that benefit from this type of collective company savings scheme."

"DIGITISATION IN GERMANY – AND PARTICULARLY AROUND PENSIONS – HAS STILL A LOT OF GROUND TO COVER BEFORE UNLOCKING ITS FULL POTENTIAL"

Sweden

This year, the Swedish government announced it would be widening its review of the national pension funds to explore how the buffer funds can increase economies of scale. The review was first initiated last year, with an investigator tasked to submit proposals for measures to modernise and streamline the combined management of the first to fourth and sixth AP funds' fund capital. The investigator will examine how AP1, AP3 and AP4 could potentially be consolidated into two plans, and if AP6 could be merged into AP2. "The investigator must look at the possibility of taking greater advantage of economies of scale, which could mean a significant increase for future pensioners," said Financial Markets Minister, Niklas Wykman, at the time.

Spain

Spain is adapting to changing age demographics, with reforms introduced aiming to increase the income of the pension system. "They have delayed the retirement age and made the requirements for accessing the same amount of one's pension more expensive compared with previous years," says Mercer Spain Wealth business development leader, Miguel Ángel Menéndez. New regulations are encouraging companies and self-employed workers to supplement the state's public benefits through the business sector, recovering tax and social security incentives. Additionally, the construction industry is expected to implement the first 'simplified' pension scheme in February for around 1.4 million workers, notes Menéndez.

CASE STUDY

Strategy to success

State Pension Fund of Finland (VER) CEO, Timo Löyttyniemi, **offers an insight into the challenges and successes of overseeing the government buffer fund**

Please give a short introduction to the State Pension Fund of Finland (VER).

The State Pension Fund of Finland (VER) was established in 1990 to balance state pension expenditure. It invests pension assets and helps the state to prepare for financing future pensions.

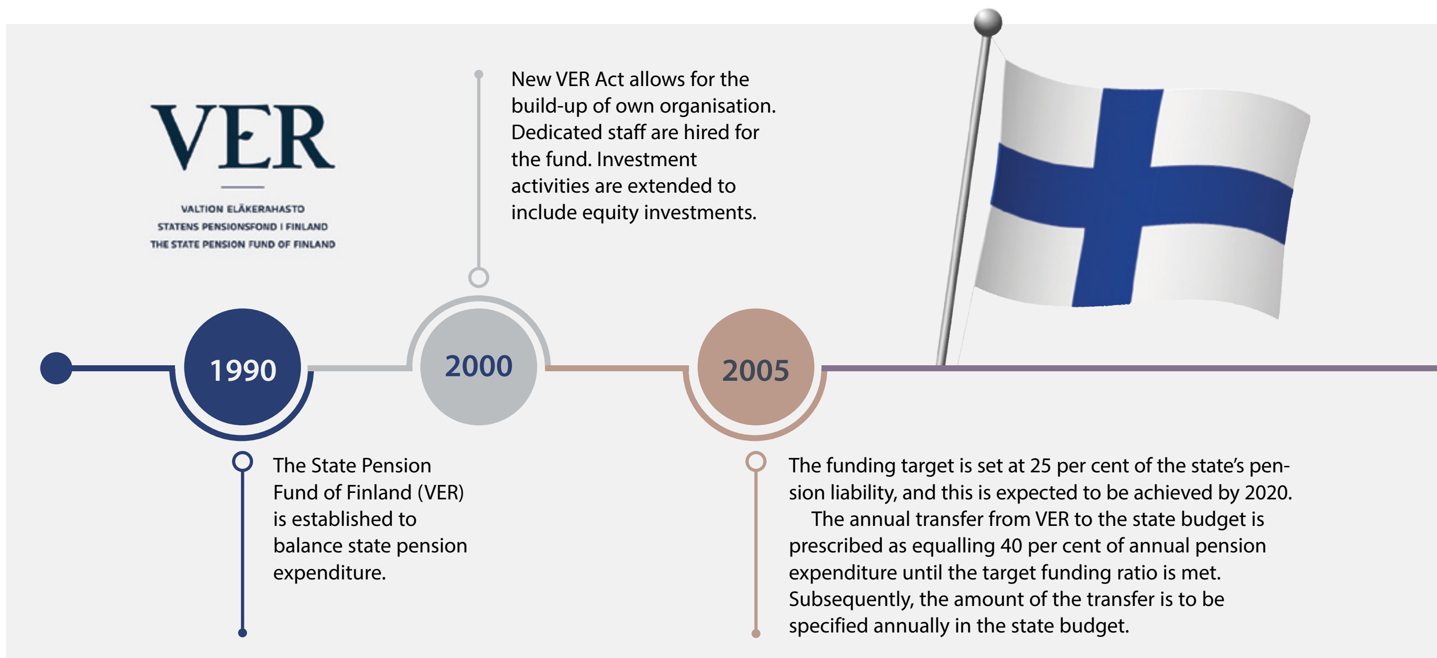
It is a long-term investor, characterised by a high standard of professionalism and an ethical code of conduct, and operates as part of the pre-funded Finnish pension system.

Please tell us about your investment strategy going forward.

The operating order of the Ministry of Finance sets a minimum requirement for VER's investment activities to exceed the effective interest rate on government debt in the long term (effective interest rate means the actual average cost of government debt).

In the long term, VER seeks maximum additional return over and above the government's financing costs at a reasonable level of risk with due regard to the specified allocation limits and foreseen net contribution income. In its own calculations, VER uses a yield assumption that exceeds the average cost of government debt by an estimated 2-3 percentage points in the long term. This is also supported by long-term historical returns achieved by VER and the return assumptions for the Finnish pension system estimated by the Finnish Centre for Pensions.

In the process to set the asset allocation leading to the



achievement of the return target, VER employs a hierarchy of two benchmark indexes. The first is a global neutral benchmark index which consists of equities and bonds. As a sort of buffer fund, VER is able to engage in long-term investment activities where the expected return is adequate but where the return on investments may fluctuate considerably. VER is exempted from the solvency computation requirements typically applied to pension funds, but its negative net contribution income may lead to situations that make it difficult to freely allocate liquid assets and shorten the investment horizon. Despite this, a global neutral benchmark index is used as a starting point for steering investment activities.

VER's board of directors determines annually in the investment plan a more detailed strategic basic allocation specifying the weights of individual asset classes to serve as a benchmark index for the investment plan. These two benchmarks are used for governing investment activities and measuring strategic and operative performance.

VER believes that the strategic asset allocation for asset classes set out in VER's investment plan is capable of achieving the above longer-term objectives.

The fund's significantly negative net contribution income imposes severe constraints on its investment activities. However, as a buffer fund, VER is able to accommodate fluctuations in the funding ratio as well as occasional years of negative returns. The buffer fund means that the state's pension expenses are covered mainly from the state budget.

What are your biggest challenges today?

In the coming 10 years, VER is facing increasing pension payments by the government and therefore the cash-flow will be negative in the coming years – only in 15-20 years will the equation become more balanced again. The key challenge there is to steer the investment strategy and investments through this time period in a balanced way. VER is working on this matter and the exact path will depend on multiple factors.

In terms of investments and the investment landscape, the biggest challenges are in economic growth and geopolitics. It seems that growth expectations for the coming years are moderate and the geopolitical picture is gloomy.

What have been the fund's biggest successes to date?

The added value of VER to the Finnish state exceeds €10 billion. Added value has been created from VER's annual income over the average financing cost of the government debt. Also, VER reaching a funding rate of 25 per cent at the end of 2021, and delivering the goals within the boundaries given, while developing a sustainable investment policy are key successes.

2006

The role of the Ministry of Finance as supervisor of VER is defined more precisely and the Ministry is granted the right to issue general regulations concerning VER's administration, finances and investment policies.

2021

The added value of VER to the Finnish state exceeds €10 billion. Added value has been created from VER's annual income over the average financing cost of the government debt.

VER reaches a funding rate of 25 per cent end of 2021.

2022

The new VER Act enters into force on 8 April 2022. The central reform of the VER Act is to gradually increase the state budget transfer from 40 per cent to 45 per cent during the years 2024-2028. If VER's funding ratio exceeds 25 per cent for two calendar years in a row, an additional three per cent transfer will be implemented until the funding ratio returns to below 25 per cent.

Evalinde
Eelens

INTERVIEW

Tackling gender inequality on pension boards

Evalinde Eelens **speaks to Francesca Fabrizi about why gender inequality still exists on Dutch pension boards, what the potential consequences are, and how it can be improved**

From investment strategist to pension scheme board member on multiple Dutch pension schemes, you have a strong and varied background in the sector. Please tell us more.

■ In 2009, I commenced my career in the pension industry as an investment strategist. To my surprise, I discovered a deep passion for this field, despite its common perception as a slow-moving and dull industry. In reality, there hasn't been a dull moment since, given the dynamic changes occurring within the sector.

I currently hold the position of an executive board member for the Dutch industrywide private security pension scheme; a board position for the Dutch painters' pension scheme; and I serve as a supervisory board member for the Robeco corporate pension scheme. Additionally, I work as an associate at Muse Advisory, a UK-based firm. In this capacity, I offer expertise in advising pension schemes on matters related to investment governance and fiduciary management.

Before transitioning into my current role as a full-time trustee and supervisor, I worked as an investment strategist, providing advisory services on investments to various Dutch and international pension schemes. I gained valuable experience in esteemed organisations such as PGGM and A&O Services.

I am a staunch advocate for outstanding (investment) governance. I am keen on broadening my scope to include non-pension board positions, recognising the potential for mutual learning and collaboration across diverse sectors.

You recently earned a Cum Laude MBA degree in Sustainable Business in the Global Economy, with a focus on gender diversity with pension schemes.

■ I did indeed and, as a proud recipient of the Female Ambassador Scholarship during my pursuit of an MBA, I dedicated my master's thesis to delving into the crucial realm of gender diversity within pension schemes. Motivated by the desire to shed light on the prevailing gender disparities, I conducted interviews to gain insights into the attitudes and behaviours of those with gender parity in their boards – compliant pension funds – and those without gender parity in their boards – noncompliant pension funds.

The findings underscored a significant distinction between the two, revealing that compliant pension scheme boards are more proactive in their approach to societal responsibilities, particularly concerning gender diversity. Unlike their noncompliant counterparts, who primarily focus on ensuring the financial wellbeing of their members, compliant boards see their role as extending beyond financial objectives. Notably, they recognise a broader responsibility and impact of pension schemes on society.

The research highlighted that taking on more social responsibility, particularly in the realm of gender diversity, can positively influence

financial results. However, this perspective is largely absent among noncompliant pension scheme boards. Those who embrace a larger responsibility often do so with the aspiration to fulfil the European Commission's pension scheme purpose statement of "maintaining standards of older people and protecting them from poverty" and contributing to the Sustainable Development Goals (SDGs) for "peace and prosperity for people and the planet".

The study also pointed out that noncompliant pension scheme boards tend to exhibit a status quo bias, resisting proactive changes in policies or behaviour. This results in a passive stance towards social partners, a lower appetite for change, and a noticeable lack of gender diversity policies. In contrast, compliant pension scheme boards see themselves as catalysts for change and role models, leading to a more proactive stance towards social partners and a higher willingness to embrace change. This proactive approach makes compliant pension scheme boards more agile in general.

Do you believe the lack of gender diversity on Dutch pension boards can improve/is improving?

■ The Dutch pensions industry confronts an ongoing challenge of inadequate gender diversity, with the rate of improvement falling short of desired levels. This concern becomes particularly pronounced as the industry navigates a substantial transition, grappling with challenges such as increased transparency requirements, a lack of diversity, issues in the reappointment process of trustee board members, disappointing financial returns, and a noticeable shortage of talent.

Against this backdrop, the World Economic Forum's report in June 2023 underscores that gender parity has progressed by only 4.1 percentage points since 2006, with an evident slowdown in the overall rate of change. This deceleration finds reflection within the composition of Dutch pension boards, where the rate of women ascending into leadership positions experiences a slowdown, resulting in a significant decrease in female representation up the organisational hierarchy.

As the Dutch pensions industry approaches this pivotal transition, these challenges emerge as critical focal points for successfully implementing required changes. The nexus between gender diversity and these challenges reveals intriguing connections, positioning gender diversity not merely as a challenge but as an integral part of the solution.

For instance, the inclusion of at least one female board member has proven effective in mitigating the risk of financial reporting fraud, as evidenced by Lenard et al.'s findings in 2017. Furthermore, a gender-diverse board is acknowledged for its potential to enhance sustainability profiles, fostering increased transparency, superior reporting practices, heightened involvement in sustainable projects, and promoting better ethical standards, according to studies such as those by Dwekat et al. (2020), Haque & Jones (2020), Jaggi et al. (2021), Kirsch (2018), and Qureshi et al. (2020).

Reframing the lack of diversity as a challenge that can be addressed through a more gender-diverse board not only acts as a response to the current diversity deficit, but also functions as a magnet, attracting a more diverse pool of future talent, as suggested by Booth-Bell (2018) and Shrivastav & Lakshmi (2016). Similarly, the reappointment process of trustee board members becomes an opportunity for positive change.

In the context of disappointing financial returns, the transition to a new pension system is prompted by the unpredictability of financial outcomes and the increased risk of unmet pension promises in the current system. Gender diversity emerges as a factor that can contribute to addressing these challenges, as suggested by studies like Byron & Post (2016), Reguera-Alvarado & Bravo-Urquiza (2020), and Terjesen et al. (2009).

Lastly, the shortage of talent, highlighted by the Dutch supervisor DNB, becomes a more addressable issue through the inclusion of more women in the trustee board member selection process. This strategic approach aligns with the imperative to identify sufficient candidates for pension scheme board vacancies, as emphasised by DNB (n.d.), Doldor et al. (2012), and Shrivastav & Lakshmi (2016).

What will it take for things to go in the right direction?

■ Compliant boards should act as ambassadors, while noncompliant ones are urged to take responsibility and conduct more research. The involvement of social partners, regulators, and industry organisations is essential.

Additionally, pension scheme boards are advised to reconsider their focus on the SDGs, challenge status quo behaviour, adopt best practices, and implement diversity policies in recruitment processes.

Regulators are recommended to reconsider guidance on gender diversity and provide best practices guidance. The government is urged to enhance incentives for women in the workforce; while stakeholders are encouraged to contribute by enlarging candidate pools, and promoting the visibility of female leaders. The overarching goal is to foster gender diversity within pension schemes for the benefit of the industry and the broader economy.

REAL ESTATE

A changing landscape

In a post-pandemic world, the way people live, work and shop has changed but what does that mean for real estate investment? Sandra Haurant **dives into the best investment strategies for pension funds today**

WRITTEN BY **SANDRA HAURANT**, A FREELANCE JOURNALIST

Investment in bricks and mortar, from retail parks to office blocks and beyond, has traditionally provided stability and reliable income for institutional investors. But with changes to the way we live, work, and even shop, how have investment strategies in the real estate landscape changed for pension schemes?

The traditional place in a portfolio

"In the traditional terms of risk-return profile, real estate typically sits between fixed income and equities," says Schroders Capital head of real global solutions, real estate, Kieran Farrelly. "Real estate generally has a higher risk-return profile than bonds, and a lower risk-return profile than the majority of equities," he says. "But a more nuanced view is that the fundamental scarcity of in-demand real assets can blend the best of both in a compelling risk-adjusted package."

After all, while returns on equities are largely driven by share prices rising and falling, and fixed-income returns tend to be largely driven by coupon payments (referred to as income), real estate returns, says Farrelly, "offer a... balance of capital appreciation and income".

And historically, commercial real estate has provided investors with protection against inflation – particularly interesting at times like these.

As an example, WTW global head of real assets manager research, Paul Jayasingha, says: "For maybe the past 10 to 15 years or so, lower risk, long-lease property allocations have formed part of a cashflow-matching portfolio for some pension schemes.

"So, you could buy, for example, supermarkets with a 25-year lease to Tesco and those rents with the inflation linked. That meant you had a strong tenant in Tesco, the rents would go up with inflation each year, and you'd get a higher return than you would get from Tesco bonds."

It's not just the case in the UK; Farrelly says: "Across Europe, individual market lease structures typically provide for a degree, if not full, contractual linkage to inflation measures such as the consumer price index (CPI)." And it is not just the case in the retail realms, either; other sectors of real estate are just as useful. "Sectors such as housing, which have shorter term lease contracts, have been particularly effective in this regard with rental levels intrinsically linked to individual occupier incomes."

Of particular interest to pensions is the ability of real estate to work as a diversifier within a portfolio. The 'negative correlation' relationship between global real estate and global bonds is extremely beneficial; in other words, when one asset class's return goes up, the other goes down. "There has been a generally low positive correlation between global

real estate and equities," says Farrelly. "These low correlations between private real estate and other asset classes demonstrate how the inclusion of global private real estate... has the potential to improve overall portfolio diversification."

Changing focus

In the past, commercial property and office blocks might have formed the core of a pension's property portfolio. But with increases in online shopping and working from home, longer life expectancy, and overall shifts in the way in which societies around the world live and work, the way in which we use the built environment, and by extension the way in which schemes invest in it, have changed dramatically.

"The composition of commercial property in a typical pension portfolio has definitely changed over the past 20 years," says Jayasingha. "A combination of office and retail would probably have been close to 50 per cent or more of a typical property allocation in the past, and that certainly would be roughly the proportion of the index; now the allocation to offices is probably closer to 20 per cent, and retail is similar or slightly smaller," he says. "But there's been a much bigger allocation to industrial property logistics, and the rise of ecommerce supply chains is bringing about important alternative property types as well."

Farrelly cites warehousing, logistics and data centres as areas where "demand tailwinds remain strong, driven by a combination of further growth in ecommerce, diversification and reorganisation in supply chains to increase resilience, and growth opportunities across the major developed markets, notably in continental Europe, and developing markets". And, he adds: "Urban logistics facilities in high barrier to entry markets are favoured, too."

"REAL ESTATE CAN HELP SCHEMES FULFIL THEIR OBJECTIVES IN GENERATING POSITIVE SOCIAL IMPACTS FOR SOCIETY AND THE ENVIRONMENT, INCLUDING JOB CREATION, AS WELL AS ACTIVE COMMUNITY ENGAGEMENT AND PARTNERSHIPS WITH LOCAL ORGANISATIONS"

The role of residential property within portfolios is also changing in line with the way people live. Aside from flats, other options of interest to schemes include: "Senior housing, student housing, social housing, micro-living, single-family and manufactured housing," says Farrelly.

"Each of these sub-sectors have attracted substantial investor interest in recent years, due to potential diversification and enhanced income return benefits. But each of these subsectors also tends to require a different set of investment considerations and additional specialist management expertise."

The returns benefits are clear, but, says Legal & General Investment Management (LGIM) head of real estate research, Bill Page, these sectors also allow pension schemes to meet their social goals. "Real estate can help schemes fulfil their objectives in generating positive social impacts for society and the environment, including job creation as well as active community engagement and partnerships with local organisations," he says. "This can either be at an asset level or as part of a wider regeneration project."

And as well as investment in properties, investment in debt is becoming more and more interesting, he adds. "We favour newly originated European and US senior whole loans and development loans, structured to incentivise ambitious, predetermined sustainability performance objectives," says Farrelly. "This is a new private capital angle to drive positive social and environmental outcomes, leaning into a supply constrained market."

The next steps

According to SKAGEN m2 portfolio manager, Michael Gobitschek, the short- and long-term outlook for real estate is solid. "The short-term outlook for listed real estate is more positive than it has been for some time. Despite the recent upturn, valuations are still pricing in a lot of distress – P/B multiples for the global property index are 50 per cent cheaper than broader equities – but the economic picture is improving," Gobitschek says.

Widely anticipated interest rate falls will "ease financing costs," he says, "while property offers better protection than other asset classes if inflation proves sticky". And, Gobitschek says, since 1990, real estate investment trusts (REITS) have "outperformed both private real estate and the wider equity market in the 12 months after the Fed has finished tightening".

And, he says, the longer term horizon for REITS, in particular, is looking stable, too. "The longer-term investment case for REITS in pension funds remains intact," says Gobitschek. "Research shows that their income, capital appreciation and diversification characteristics increase returns and reduce risks for retirement portfolios with studies recommending allocations of between 5-15 per cent of assets, ideally spread across geographies, economic drivers and sub-sectors."

GREENWASHING

Paint it green

Despite its best efforts, EU regulators have yet to successfully tackle greenwashing in the investment world. Lynn Strongin Dodds **investigates**

WRITTEN BY **LYNN STRONGIN DODDS**,
A FREELANCE JOURNALIST

Greenwashing is not a new problem in the investment world but one that has come to the fore as the number of sustainable strategies have mushroomed over the past few years. European regulators have issued several edicts and proposals to tackle misleading claims, but it is not an easy fix and could take many years to solve the problems.

Ironically, combating greenwashing was one of the main objectives of the European Union's swathe of legislation under its Sustainable Finance Action Plan of March 2018.

Fast forward to today and the regulatory landscape has become more complicated to navigate and accommodate. As a result, the European Commission tasked three European Supervisory Authorities – the European Insurance and Occupational Pensions Authority (EIOPA), the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) – to provide a sustainable finance progress report card for their respective domains.

The results were published last summer with EIOPA finding that "greenwashing can manifest as part of a broader set of conduct risks at all stages of the insurance and pensions lifecycle". For pensions, this means through scheme design, delivery and management. The concern was that consumers could be deceived into purchasing products not aligned with their preferences.

The trade group's fears were also highlighted in its EU-wide Eurobarometer survey conducted in June 2022, which showed that 62 per cent of EU consumers did not trust the sustainability claims made by insurance undertakings or distributors.

EIOPA did not mention any concrete examples of greenwashing in its section of the progress report though but instead said that the sector was tainted by cases emerging from other industries. As Invesco head of UK government relations and public policy, Graham Hook, notes: "EIOPA published a useful report in 2023 that did not identify any major cases in these sectors. It did observe that there had been cases in other areas, and this may have had an impact on investors and consumers. It can lead to a general perception of greenwashing, which is aligned with the report's conclusions."

An issue for pensions?

PensionsEurope policy and communications officer, Gabrielle Kolm, also explains that greenwashing is less of an issue for pension funds because they are not selling products so there is no concept of mis-selling. "However, when it comes to pension funds as clients or buyers there is a lack of comparability because of the data gaps," she adds. "The industry is moving towards more standardised and uniform disclosures."

Law firm RPC partner, Rachael Healey, echoes these sentiments. "One of the points of difference is who is to blame – pension investors tend to invest via someone else," she adds. "This means the fault rests with those that have picked the funds or made the investments if they have invested in something different to what they promised or represented – it's a failure of due diligence."

Healey also believes strides have been made over the past couple of years thanks to ESMA's consultation paper in 2022, which introduced preliminary guidelines on the wording of asset fund names. "The paper was clearly enough to make certain asset managers think twice about labelling their funds as sustainable," she says. "The issue has improved in the past year and funds are now more conscious than ever about labelling themselves as 'sustainable' to avoid criticism and regulatory scrutiny."

There is of course more work to be done and in the wake of the progress report, the three ESAs are currently delving further into their individual markets. Despite the differences they

do share common obstacles, such as establishing and managing supervisory frameworks, as well as addressing and monitoring greenwashing risks, particularly the development of accurate data and methodologies. Their recommendations, including possible regulatory framework changes will be published in a final greenwashing report in May.

Defining greenwashing

The ESAs have already taken an important first step by crafting a much-needed working definition of greenwashing. Many market participants hope that the new description will help investors and consumers separate truth from false statements.

"WE SEE THE DIRECTIVE AS THE FIRST STEP AGAINST GREENWASHING BECAUSE IT DEMANDS THAT ENVIRONMENTAL CLAIMS ARE BASED ON SCIENCE, NOT SUBJECTIVE VALUES"

The ESAs decided greenwashing is "a practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services. This practice may be misleading to consumers, investors, or other market participants."

As for EIOPA, its particular consultation closes in mid-March and focuses on four key planks. These comprise sustainability claims made by a provider have to be accurate, precise, and consistent with the provider's overall profile and business model, or the profile of its product. In addition, claims should be current, with any changes disclosed in a timely manner and with a clear rationale. Last but not least, they need to be substantiated with clear reasoning and facts and made accessible by the targeted stakeholders.

EIOPA also compiled examples of good and bad practices for each principle in order to make the proposed principles more tangible and to demonstrate how greenwashing can occur in practice.

"EIOPA hopes that when the report is finalised it will help establish a common set of principles that can guide the industry," says Hook.

The next path?

There are growing fears that the upcoming elections could see the European Union take a sharp right turn, scuppering ambitious climate change policies over the next five years. A report by think tank European Council on Foreign Relations, which combined polling of all 27 EU members with modelling of how national parties performed in past European parliament elections, shows radical right parties are on course to finish first in nine countries.

Meanwhile, projected second or third place finishes in another nine countries, could, for the first time, produce a majority right wing coalition in the parliament of Christian Democrats, conservatives and radical right MEPs.

The other concern is that there is not enough emphasis on education and dialogue between all parties, which will only worsen if the bloc changes political guard. As Morningstar global head of sustainability research, Hortense Bioy, says: "EIOPA's consultation will have a positive effect on disclosures and the need to use the right language. The challenges are to understand what the end investor wants and ensuring the right product is being delivered."

This may explain why some institutions would prefer to have something along the lines of the proposed Green Claims Directive as the first line of defence. It will require companies to substantiate and verify their environmental claims and labels. Common phrases such as 'net zero', 'carbon neutral' and 'eco-friendly' would be prohibited in advertisements, social media posts or on packaging unless they were sufficiently substantiated and verified.

"We see the directive as the first step against greenwashing because it demands that environmental claims be based on science, not subjective values," says Varma senior vice president, sustainability and communication, Hanna Kaskela. "In our own operations, the directive has been manifested in a more critical attitude towards overall responsibility communication, which is somewhat separate from actual marketing communication."

In their own words...

Industry personalities' comments on the hot topics affecting the European pensions space

On a report that found the lack of diversity considerations was harming consumers

"Although insurers and pension providers in the EU are making efforts to ensure fair treatment of consumers, more needs to be done to secure equitable outcomes for all. The supervisory community must also do its utmost to prevent the handful of problematic products from eroding people's trust in the insurance and pensions sectors."

Petra Hielkema, EIOPA chair

On the improved funding level of Irish DB schemes

"Funding levels improved significantly over 2022, a trend that was maintained into 2023. If they have not already done so corporates should be engaging with trustees about how they can lock down these gains and ensure their schemes are more robust against market shocks."

Conor Daly, LCP partner

On the ruling that Dutch Booking.com workers must be enrolled in a pension

"The ruling shows that companies should pay close attention when hiring employees right from the beginning as Dutch judges often rule in favour of the pension funds, resulting in having to pay premia retroactively."

JORIK VAN ZANDEN
AF Advisors consultant

On KPA Pension's SEK 400m green bond investment

"Investing pension money in regions means that we increase the opportunities for sustainable social development and contribute to a secure and good pension for everyone who works in municipalities and regions."

CAMILLA LARSSON
KPA Pension CEO

On discussions about potential changes to the Dutch WTP

"In the last quarter, after the elections, there was renewed discussion about the Future of Pensions Act (WTP). Changes to the WTP are not necessary. The law was drawn up very carefully and democratically and is better for our participants."

HARMEN VAN WIJNEN
ABP board chair

On NBIM's record annual return of NOK 2,222bn in 2023

"Despite high inflation and geopolitical turmoil, the equity market in 2023 was very strong, compared to a weak year in 2022. Technology stocks in particular performed very well."

Nicolai Tangen, Norges Bank Investment Management (NBIM) CEO

On Romanian pillar II pension funds returning 17.9 per cent in 2023

"The yield of 2023 confirms once more the medium- and long-term winning formula that private pension funds offer. It is an invitation to calmness and trust in the moments when the markets do not offer, temporarily, the expected returns."

RADU CRĂCIUN,
Association for Privately Administered Pensions in Romania president

On European pension schemes backing a climate resolution

"Large shareholders hold the key to tackling the climate crisis with their votes at shareholders' meetings. Shell will only change if more shareholders vote for change. The resolution is designed to give Shell a shareholder mandate to drive the energy transition."

Mark van Baal, Follow This founder

European Pensions AWARDS 2024

Celebrating excellence in European pension provision

4 July 2024

London Marriott Hotel, Grosvenor Square

Open for entries

Deadline for entries: 08 March 2024

@EuropeanPension #EuropeanPensionsAwards

www.europeanpensions.net/awards

Organised by European Pensions || Media partner PENSIONSAge || Supported by PENSIONSAge CONFERENCES