Brussels, 1 March 2012

PRESS RELEASE

EMPLOYERS, WORKER AND INDUSTRY REPRESENTATIVES:
"COMMISSION SHOULD RECONSIDER PLANS ON OCCUPATIONAL PENSIONS"

Today the European Commission will launch a process to review European pension regulation when Michel Barnier, European Commissioner for Internal Market and Services opens a public hearing on the review of the "IORP Directive". The European Commission aims to make important elements of the Solvency II legislation for insurance companies applicable to IORPs across Europe. This objective is repeated in the Commission's White Paper on Pensions, which talks of a "level playing field with Solvency II".

We believe that it is dangerous to apply legislation made for insurance companies to IORPs. There are fundamental differences between them. Any effort to harmonise the regulatory regime is based on flawed logic and could have unintended consequences on pension plan members, IORPs and the economy as a whole by impeding growth and job creation.

We therefore call on politicians in Brussels and the European capitals to keep workplace pensions in Europe adequate and sustainable: this is crucial given the increasing role of occupational pensions in providing retirement benefits to European citizens now and in the future, as the population grows older and particularly as state budgets suffer from the impact of the crisis.

We urge Commissioner Barnier and the European Commission, supported in its work by the European Insurance and Occupational Pensions Authority (EIOPA) to recognise the important issues at stake before making a proposal for a revised IORP Directive: the existence and adequacy of retirement provision to millions of workers and long-term economic growth envisaged by the EU2020 Strategy. We urge the European Commission to reconsider its plans and to create an environment that stimulates workplace pension provision. The impact of any new proposals must be measured through high-quality Quantitative Impact Studies, including assessment of the social, financial and economic effects of any proposed rule changes, and their macro-economic effects. A high-level political debate is also required with involvement from all the relevant stakeholders, most notably the European social partners.

COMMENTS FROM SIGNATORIES

Bruno Gabellieri, Secretary General, European Association of Paritarian Institutions (AEIP): *"Occupational pension schemes are in most cases compulsory as a part of the national labour law or collective labour agreements. Therefore they are not involved into any level playing field and do not compete with other providers. The goal of the regulation should consist in facilitating the existence of good pension schemes for the European workers and citizens and therefore social partners should be allowed to steer the promises they make rather than be imposed extra capital costs, which are a burden for the employers".*

Philippe de Buck, Director General, BUSINESSEUROPE: *"Employers are committed to providing adequate occupational pensions for their employees. However, this is only possible if such schemes remain cost-effective. Applying Solvency II - type rules to pension funds would make these schemes too expensive for many companies, forcing them to close or stop offering them to new entrants. This will not improve the adequacy of the pensions system".*

Ralf Resch, General Secretary, European Centre of Employers and Enterprises providing Public services (CEEP): *"Public employers are deeply concerned regarding the intention of the European Commission to the application of Solvency II to Pension schemes. This would increase the cost in providing such schemes, reducing their attractiveness and add new burdens in a time when public budgets suffer from the crisis. At the same time, nothing would be won in terms of security for the members in the schemes. Pension schemes are essentially different from insurance schemes and this has to be recognised."*

Claude Kremer, President, European Fund and Asset Management Association (EFAMA): *"There is strong evidence that applying Solvency II rules to pension funds would increase the administrative burden and financial costs for IORPs and employers, discourage employers to set up defined-contribution schemes, accelerate the process of defined-benefit schemes closure in Europe, and reduce benefits for pension savers. This would be an undesirable consequence, and one to be avoided, especially at a time when the authorities' goal should be to put more emphasis on the engagement of EU citizens towards pensions in general."*

Matti Leppälä, Secretary General, European Federation for Retirement Provision (EFRP): *"We believe that more workplace pensions are needed to guarantee adequate retirement benefits for citizens across Europe. The European Commission is in a position to enable good quality workplace pensions. However, if it imposes capital requirements on IORPs, then it jeopardises the future of pensions in Europe, because IORPS will de-risk their assets and employers will find it very expensive to continue funding their pension schemes."*

Claudia Menne, Confederal Secretary, European Trade Union Confederation (ETUC): *"ETUC has actively contributed to the work of EIOPA, as the provision of occupational pensions remains a crucial issue for both companies and workers. We have growing concerns regarding the possible plans of the EU Commission to propose a new solvency regime for occupational pensions. The proposals will significantly change investment patterns, restricting capital flows to business, resulting in lower benefits for pensioners. Occupational pensions are part of collective agreements, and are restricted by labour and social laws to a legal obligation to protect members' benefits and interests."*

Dörte Höppner, Secretary General, European Private Equity and Venture Capital Association (EVCA): *"Pension schemes that guarantee a secure income for millions of Europe's pensioners, are also an important source of capital for long term investors such as venture capital and private equity, which in turn generate income for pensioners by investing in innovation and growth. Applying Solvency II to pension schemes would severely jeopardise this virtuous circle of value creation."*

Andrea Benassi, Secretary General, European Association of Craft, Small and Medium-sized Enterprises (UEAPME): *"EUROPE needs the right framework conditions for supplementary pensions schemes. Only a safe system will create a real benefit for employers and employees and therefore we support reforms which are necessary to ensure adequacy and sustainability of pensions funds. But these reforms have to recognise the specificities of the occupational non-profit driven pensions schemes, which must not be mixed-up with financial market regulations such as SOLVENCY II, which applies to private and commercial financial institutions."*

Signatories to the joint press statement on the IORP Public Hearing on 1 March 2012:

The European Association of Paritarian Institutions (AEIP), **www.aeip.net**
AEIP represents the European Paritarian Institutions of Social Protection in Brussels since 1997. The Association gathers 27 leading large and medium-sized Social Protection Management Organizations which equally represent the employees and the employers through a joint governance scheme; plus 39 affiliates from 22 countries.

AEIP represents its members' values and interests at the level of both European and International Institutions. In particular, AEIP - through its working groups - deal with EU coordinated pension schemes, pension funds, healthcare schemes, unemployment schemes, provident schemes and paid holiday schemes. The final goal of AEIP is to achieve pan-European paritarian schemes of social protection.

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BUSINESSEUROPE, **www.businesseurope.eu**
BUSINESSEUROPE represents small, medium and large companies. Active in European affairs since 1958, BUSINESSEUROPE's members are 41 leading industrial and employers' federations from 35 European countries, working together to achieve growth and competitiveness in Europe.

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The European Centre of Employers and Enterprises providing Public services (CEEP), www.ceep.eu
CEEP gathers enterprises and organisations from across Europe, both public and private, at national, regional and local level, which are public employers or providers of services of general interest. CEEP members employ a quarter of the EU workforce.

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The European Fund and Asset Management Association (EFAMA), **www.efama.org**
EFAMA is the representative association for the European investment management industry. EFAMA represents through its 26 member associations and 58 corporate members approximately EUR 13 trillion in assets under management of which EUR 7.9 trillion was managed by approximately 54,000 funds at end 2011. Just above 36,000 of these funds were UCITS (Undertakings for Collective Investments in Transferable Securities) funds.

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European Federation for Retirement Provision (EFRP), **www.efrp.org**

The European Federation for Retirement Provision (EFRP) represents the various national associations of pension funds and similar institutions for supplementary/occupational pension provision. Its membership consists of institutions for workplace (2nd pillar) retirement. Some of them are also operating purely individual pension schemes (3rd pillar).

The EFRP has 22 member associations in most EU-15 Member States and other European countries with significant workplace pension systems. Together they cover 83 million EU citizens who participate in workplace pension plans. Through its membership, the EFRP represents approximately € 3.5 trillion in assets (2009) managed for future occupational pension payments.

EFRP Members are large institutional investors representing the buy-side on the financial markets. They are specialised financial institutions dedicated to the sole objective of accumulating and decumulating assets over a long period of time with the aim of providing a supplement to the State pension to avoid old-age poverty.

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European Trade Union Confederation (ETUC), www.etuc.org
The European Trade Union Confederation was set up in 1973 to promote the interests of working people at European level and to represent them in the EU institutions. At present, the ETUC has in membership 83 national trade union confederations from 36 European countries, as well as 12 European industry federations, making a total of 60 million members.

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European Private Equity and Venture Capital Association (EVCA), **www.evca.eu**
EVCA is the voice of European private equity and venture capital.

We promote and protect the interests of our more than 1,200 members, to ensure they can conduct their business effectively. EVCA engages policymakers and promotes the industry among key stakeholders, including institutional investors, entrepreneurs and employee representatives.

EVCA develops professional standards, research reports and holds professional training and networking events. EVCA covers the whole range of private equity, from early-stage venture capital to the largest buyouts.

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European Association of Craft, Small and Medium Sized Enterprises (UEAPME),
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UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 84 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner.

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