**Key amendments adopted by the Economic and Monetary Affairs (ECON) committee on in the inclusion of ESG criteria and the assessment of risks related to stranded assets as part of the new rules on Institutions for Occupational Retirement Provision or pension funds (IORPs)**

See key provisions highlighted in yellow.

On "stranded assets"

· *Recital 41*

(41) It is essential that institutions improve their risk management, taking into account the objective to ensure the intergenerational balance of the pension scheme, so that potential vulnerabilities in relation to the sustainability of the pension scheme can be properly understood and discussed with the competent authorities. Institutions should, as part of their risk management system, produce a risk assessment for their activities relating to pensions. That risk assessment should also be made available to the competent authorities and should include, inter alia, risks related to climate change, use of resources, the environment, social risks, and risks related to the depreciation of assets due to regulatory change ("stranded assets").

· *Article 29 paragraph 2*

2. The risk *assessment* referred to in paragraph 1 shall cover*, where appropriate to the nature, scale and complexity of the institution's activities*:

(a) the effectiveness of the risk-management system;

[...]

(h) qualitative assessment of new or emerging risks, *including risks related* to climate change, use of resources, the environment, *social risks* *and risks related to the depreciation of assets due to regulatory change.*

On environmental, social and governance (ESG) criteria

On environmental, social and governance (ESG) criteria

*Amendment 548 on article 22.1:*

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| *Text proposed by the Commission* | *Amendment* |
| 1. Member States shall require all institutions to have in place an effective system of governance which provides for sound and prudent management of their activities. That system shall include an adequate transparent organisational structure with a clear allocation and appropriate segregation of responsibilities and an effective system for ensuring the transmission of information. The system of governance shall be subject to regular internal review. | 1. Member States shall require all institutions to have in place an effective system of governance which provides for sound and prudent management of their activities. That system shall include an adequate transparent organisational structure with a clear allocation and appropriate segregation of responsibilities and an effective system for ensuring the transmission of information. The system of governance shall be subject to regular internal review. *The system of governance shall require environmental, social as well as governance factors related to investment assets to be considered in investment decisions, involve relevant stakeholders and shall be subject to regular internal review.* |

*Amendment 617 on article 32.1:*

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| Text proposed by the Commission | Amendment |
| Member States shall ensure that every institution located in their territories prepares and, at least every three years, reviews a written statement of investment-policy principles. That statement is to be revised without delay after any significant change in the investment policy. Member States shall provide for this statement to contain, at least, such matters as the investment risk measurement methods, the risk-management processes implemented and the strategic asset allocation with respect to the nature and duration of pension liabilities. | Member States shall ensure that every institution located in their territories prepares and, at least every three years, reviews a written statement of investment-policy principles. That statement is to be revised without delay after any significant change in the investment policy. Member States shall provide for this statement to contain, at least, such matters as the investment risk measurement methods, the risk-management processes implemented and the strategic asset allocation with respect to the nature and duration of pension liabilities *and how the investment policy takes environmental, social and governance issues into account. The statement shall be made publicly available on a website*. |