PENSIONS EUROPE

PensionsEurope comments on the IFRS consultation about developing disclosure requirements and proposed amendments to IFRS 13 and IAS 19

December 2021

www.pensionseurope.eu

1. **PensionsEurope comments on IFRS consultation about developing disclosure requirements and proposed amendments to IFRS 13 and IAS 19**

General remarks

PensionsEurope welcomes the opportunity to comment on the IFRS consultation regarding the developing disclosure requirements and proposed amendments to IFRS 13 and IAS 19.

Companies providing pension benefits and sponsoring pension plans (as well as Pension Funds) are already applying the materiality concept in their notes disclosures. Therefore, no irrelevant disclosures are published.

PensionsEurope believes that the note disclosures with regards to pension plans are already very comprehensive in current annual financial statements, e.g., reconciliations, cash-flow information, sensitivity analysis, disaggregation of information for different defined benefit plans per country etc. Most of the information disclosed in the notes covers already the proposed disclosure objectives. For this reason, it is unclear, how the new concept should better meet the users' needs.

In the proposal, there is only one overall disclosure objective for short-term benefits, defined contribution plans, other long-term employee benefits and termination benefits. Therefore, it is unclear which disclosures are expected by the IASB for these benefits in comparison to the current disclosure practice.

Moreover, PensionsEurope believes that some of the proposed non-mandatory items of information are not useful, e.g., expected return on plan assets ('eroa'), expected future contributions, alternative actuarial assumptions due to judgement reasons. In these cases, the cost to obtain the information is higher than the usefulness for users. In addition, it is our firm belief that additional explanations are necessary. Moreover, the reintroduction of the eroa-concept after abolishing it just a few years ago is not consistent with IAS 19.

In addition, some preparers are concerned that the comparability of data with their peers (e.g., other listed blue-chip companies) will be impaired by the current proposals.

The compliance with the objective-based disclosure requirements could lead to intensive discussions with auditors and enforcement bodies when it comes to the exercise of judgement.

To conclude, preparers have not received so far, any material feedback from investors that relevant information is missing and PensionsEurope believes that a checklist approach has its advantages and is not fundamentally worse. It should also be noted that any structured disclosure process needs checklists – also to decide which information will not be provided due to materiality reasons.

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes. PensionsEurope has **25 member associations** in 18 EU Member States and 4 other European countries[1].

PensionsEurope member organisations cover different types of workplace pensions for over **110 million people.** Through its Member Associations PensionsEurope represents more than **€ 4 trillion of assets** managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation.

PensionsEurope also has **22 Corporate and Supporter Members** which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

What PensionsEurope stands for

- A regulatory environment encouraging workplace pension membership;
- Ensure that more and more Europeans can benefit from an adequate income in retirement;
- Policies which will enable sufficient contributions and good returns.

Our members offer

- Economies of scale in governance, administration and asset management;
- Risk pooling and often intergenerational risk-sharing;
- Often "not-for-profit" and some/all of the costs are borne by the employer;
- Members of workplace pension schemes often benefit from a contribution paid by the employer;
- Wide-scale coverage due to mandatory participation, sector-wide participation based on collective agreements and soft-compulsion elements such as auto-enrolment;
- Good governance and alignment of interest due to participation of the main stakeholders.

Contact:
PensionsEurope
Montoyerstraat 23 rue Montoyer – 1000 Brussels
Belgium
Tel: +32 (0)2 289 14 14

[1] EU Member States: Austria, Belgium, Bulgaria, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden. Non-EU Member States: Iceland, Norway, Switzerland, UK.

info@pensionseurope.eu