



OECD GUIDELINES FOR PENSION FUND GOVERNANCE: RESPONSES TO THE PUBLIC CONSULTATION

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Party Submitting Comment	Section	Comment	Action + Justification
<i>FIAP</i>	<i>Guidelines 3. Delegation 9. Risk-based internal controls</i>	Include a reference to the regulation of conflicts of interest of service providers and advisors.	Amendment included in Guideline 3
<i>IAA</i>	<i>Guideline 9 (risk-based internal controls)</i>	Include a reference to non-compliance risks and who bears such risks in the case of delegation of certain functions	Amendment included in Guideline 9
	<i>Guideline 2 (governing body)</i>	Ultimate responsibility of governing body when delegating is unclear	Relevant sentence in Guideline 2 clarified to make it clear that the governing body is ultimately responsible for the pension fund.
	<i>Guideline 7 (accountability)</i>	It is often employer who bears responsibility, not the fund itself. Not all governing bodies are required to make fund-related decisions in the “best interest of members”	Serving the “best interest of members” is regarded as a core aspect of good governance, though as mentioned in the annotations to Guideline 2, the concerns of employer (over e.g. costs) must also be taken into account.
	<i>General remark</i>	State whether book reserves systems are covered by these guidelines.	See amended footnote 1.
	<i>General remark</i>	Absence of possible role of guarantee funds in supervision	Amendment not included as guarantee funds are not mandatory.
	<i>Annotations to Guideline 2 (governing body)</i>	One of the main responsibilities of the governing body should be compliance on paying proper scheme expenses from the funds.	Amendment included in Annotations.
	<i>Annotations to Guideline 1 (identification of responsibilities)</i>	Asset-liability management has also some relevance for DC plans.	Amendment included in Annotations to Guideline 1 and reference to benefit expectations mentioned in Annotations to Guideline 2.

	Guideline 5 (actuary) and annotations	Seek further guidance on terms “statutory requirements”, “appropriate remedial action”, and “without delay”.	Included examples of these terms in brackets in the annotations. Actual implementation of guidelines may vary across jurisdictions; hence terms need to remain broad.
Mercer	Guideline 2 (governing body)	Need to clarify better a fund’s organisations structure, highlighting the fact that the governing body should only make strategic decisions.	Amendment included in the annotations.
	All guidelines	Reorder the guidelines.	Guidelines have been reordered following suggestion.
	Footnote 2	Delete reference to administrator, as in some jurisdictions administrator has only operational responsibilities (e.g. collecting contributions, record-keeping, benefit payment, etc).	Reference to administrator deleted throughout guidelines.
	Footnote 2	Confusion over respective role or managing and supervisory board. Governing body is that responsible for strategic decisions, which in some countries may be the supervisory board.	Comment not consistent with two-tier board structure in countries like Germany, where managing board is responsible for strategic decisions (e.g. setting investment policy).
	Guideline 2 (governing body)	Better state governing body’s ultimate responsibility when delegating.	Amendment included in Guideline 2.
	Guideline 7 (suitability)	Replace “administration” in the sentence “professionalism in the administration of pension funds” with “governance”.	Amendment included in Guideline 2.
	Guideline 3 (delegation and expert advice)	Strengthen case for clear separation of oversight and operational responsibilities.	Amendment included in annotations to Guideline 1, strengthening need for delegating operational functions.
	Guideline 5 (actuary)	State main responsibilities of actuary also in Guideline.	Amendment included in Guideline 5.
	Guideline 9 (risk-based internal controls)	Broaden controls to more detail, as in Annotations.	No change made as controls stated in detail in the annotations.
	Guideline 11 (disclosure)	Need to be more prescriptive on type of information to be disclosed publicly in personal plans.	Amendment made to Annotations.

	<i>General comment</i>	Include guidelines on asset manager and plan administration (e.g. record keeping, benefit payment).	These functions may be carried out internally by the pension entity or delegated to external service providers. They are covered by Guideline 3.5
<i>Eurosif</i>	<i>Guideline 11 (disclosure)</i>	Require ESG disclosure by governing body.	Amendment included in Guideline 11.
<i>FairPensions</i>	<i>Guideline 11 (disclosure)</i>	Require ESG disclosure by governing body.	Amendment included in Guideline 11.
<i>P-Solve</i>	<i>Annotations to Guideline 1 (identification of responsibilities)</i>	Include list of oversight responsibilities in Annotations.	List included and expanded in Annotations to Guideline 2.
	<i>Guideline 2 (governing body)</i>	Include diagram or flow chart of entities involved in pension fund governance.	Amendment not included as such diagrams may lead to misinterpretation in an OECD legal document. Diagram could be included in future background reports on the subject.
	<i>Annotation to Guideline 3 (delegation and expert advice)</i>	Repeat second sentence of Guideline in the Annotations.	Amendment not included as it would be repetitive. Annotations are supposed to add clarification, not repeat guidelines.
	<i>Annotations to Guideline 1 (identification of responsibilities)</i>	All individuals should have whistleblowing responsibilities.	Amendment included in Annotations to Guideline 9.
	<i>Annotations to Guideline 1 (identification of responsibilities)</i>	Include reference to role of authorities and relevant professional bodies in providing guidance on non-compliance.	Amendment not included as it stretches into responsibilities of supervisory authority which are covered by the International Organisation of Pension Supervisors.
	<i>Annotations to Guideline 8 (suitability)</i>	General assembly of governing members should still be subject to fit and proper criteria.	Amendment not included as it does not make sense to apply fit and proper criteria to all plan members, only those that serve in the governing body.
<i>Edward Nathan Sonnenbergs</i>	<i>General remarks</i>	State the purposes of good governance.	Included reference to purposes of good governance under main responsibilities of the governing body (Annotations to Guideline 2). These general purposes could also be included in the preamble to the Guidelines.

	<i>General remarks</i>	The governing body must endeavour to manage every type of risk, not just investment risks.	Reference included in amendments to Annotations to Guideline 2.
	<i>Guideline (disclosure)</i> 11	Disclosure to plan sponsor should also be required.	Amendment included in Guideline 11 and Annotations.
	<i>General remark</i>	Representation of employees in the governing body needed for accountability and credibility of governance process. It should not be used to simply assert special interests.	Guideline 7 (accountability) makes it clear that purpose of representation is accountability
<i>Network for Sustainable Financial Markets</i>	<i>General remarks</i>	Should talk about market influence of pension funds as they have a role well beyond the fund's beneficiaries (e.g. role in current financial crisis and possible governance model for sovereign wealth funds).	Some comments along these lines may be included in the preamble to the guidelines.
	<i>General remarks</i>	Guidelines should recognise risks emerging from intangible factors such as regulatory changes, political trends, climate change, etc.	Amendment made to Annotations to Guideline 9 to highlight these additional factors.
	<i>General remarks</i>	The risk management strategy should seek to proactively identify and explicitly balance short- and long-term, considerations.	Sentence included in Annotations to Guideline 9.
	<i>Annotations to Guideline (suitability)</i> 8	Pension funds should publish an annual skills inventory and training plan.	Amendment made in Annotations to Guideline 8.
	<i>Guideline (disclosure)</i> 11	Publication of annual report on how investment practices are designed to meet liability obligations.	Amendment to be considered in future revisions of the OECD Guidelines on Pension Fund Asset Management.
	<i>General remarks</i>	The guidelines should specifically address the management of proxy voting and other shareholder rights.	Amendment included in Annotations to Guideline 11.
	<i>General remarks</i>	Fiduciary duties on cost efficiency should be included.	Amendment not included. Such duties are already included in the Annotations to Guideline 2.
	<i>Guideline (disclosure)</i> 11	Call for disclosure of all costs, including those hidden or bundled with other items.	Amendment to be considered in future reviews of the OECD Guidelines on the Protection of the Rights and Beneficiaries.

	<i>General remarks</i>	Highlight role of hybrid schemes in risk sharing, removing regulatory obstacles.	Amendment not included as it is beyond current guidelines.
	<i>General remarks</i>	Pension fund audits could include regular verification of controls relating to risk management and conflicts of interest.	Amendment made to Annotations to Guideline 4.
	<i>General remarks</i>	Include need for certification standards of trustees	Issue already covered in OECD-IOPS Guidelines on the Licensing of Pension Entities.