

Directive (EU) 2016/2341 of the European Parliament and of the Council
of 14 December 2016 on the activities and supervision of institutions for
occupational retirement provision (IORPs) (recast) (Text with EEA relevance)

TITLE III

CONDITIONS GOVERNING ACTIVITIES

CHAPTER 1

System of governance

Section 3

Documents concerning governance

Article 28

Own-risk assessment

1 Member States shall require IORPs, in a manner that is proportionate to their size and internal organisation, as well as to the size, nature, scale and complexity of their activities, to carry out and document their own-risk assessment.

That risk assessment shall be performed at least every three years or without delay following any significant change in the risk profile of the IORP or of the pension schemes operated by the IORP. Where there is a significant change in the risk profile of a specific pension scheme, the risk assessment may be limited to that pension scheme.

2 Member States shall ensure that the risk assessment referred to in paragraph 1, having regard to the size and internal organisation of the IORP, as well as to the size, nature, scale and complexity of the IORP's activities, includes the following:

- a a description of how own-risk assessment is integrated into the management process and into the decision-making processes of the IORP;
- b an assessment of the effectiveness of the risk-management system;
- c a description of how the IORP prevents conflicts of interest with the sponsoring undertaking, where the IORP outsources key functions to the sponsoring undertaking in accordance with Article 24(3);
- d an assessment of the overall funding needs of the IORP, including a description of the recovery plan where applicable;
- e an assessment of the risks to members and beneficiaries relating to the paying out of their retirement benefits and the effectiveness of any remedial action taking into account, where applicable:
 - (i) indexation mechanisms;
 - (ii) benefit reduction mechanisms, including the extent to which accrued pension benefits can be reduced, under which conditions and by whom;

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- f a qualitative assessment of the mechanisms protecting retirement benefits, including, as applicable, guarantees, covenants or any other type of financial support by the sponsoring undertaking, insurance or reinsurance by an undertaking covered by Directive 2009/138/EC or coverage by a pension protection scheme, in favour of the IORP or the members and beneficiaries;
 - g a qualitative assessment of the operational risks;
 - h where environmental, social and governance factors are considered in investment decisions, an assessment of new or emerging risks, including risks related to climate change, use of resources and the environment, social risks and risks related to the depreciation of assets due to regulatory change.
- 3 For the purposes of paragraph 2, IORPs shall have in place methods to identify and assess the risks they are or could be exposed to in the short and in the long term and that may have an impact on the IORP's ability to meet its obligations. Those methods shall be proportionate to the size, nature, scale and complexity of the risks inherent in its activities. The methods shall be described in the own-risk assessment.
- 4 The own-risk assessment shall be taken into account in the strategic decisions of the IORP.

Article 29

Annual accounts and annual reports

Member States shall require every IORP registered or authorised in their territories to draw up and publicly disclose annual accounts and annual reports taking into account each pension scheme operated by the IORP and, where applicable, annual accounts and annual reports for each pension scheme. The annual accounts and the annual reports shall give a true and fair view of the IORP's assets, liabilities and financial position and include disclosure of significant investment holdings. The annual accounts and information in the reports shall be consistent, comprehensive, fairly presented and duly approved by authorised persons, in accordance with national law.

Article 30

Statement of investment policy principles

Member States shall ensure that every IORP registered or authorised 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 factors into account. The statement shall be made publicly available.