

What the regulator expects of trustees

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Article 21 (1)

General governance requirements

Member States shall require all IORPs 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 and 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 include consideration of environmental, social and governance factors related to investment assets in investment decisions, and shall be subject to regular internal review.



Article 21 (3)

General governance requirements

Member States shall ensure that IORPs establish and apply **written policies in relation to risk management, internal audit and, where relevant, actuarial and outsourced activities**. Those written policies shall be subject to prior approval by the management or supervisory body of the IORP and shall be reviewed at least every three years and adapted in view of any significant change in the system or area concerned.

Article 21 (4)

General governance requirements

Member States shall ensure **that IORPs have in place an effective internal control system**. That system shall include administrative and accounting procedures, an internal control framework, and appropriate reporting arrangements at all levels of the IORP.

Article 21 (5)

General governance requirements

Member States shall ensure that **IORPs take reasonable steps to ensure continuity and regularity in the performance of their activities**, including the development of contingency plans. To that end, IORPs shall employ appropriate and proportionate systems, resources and procedures.

Article 31 (2)

Outsourcing

Member States shall ensure that IORPs remain fully responsible for compliance with their obligations under this Directive when they outsource key functions or any other activities

Article 31 (4 and 5) Outsourcing

IORPs shall ensure the proper functioning of the outsourced activities through the **process of selecting a service provider and the ongoing monitoring of the activities of that service provider**. Member States shall ensure that IORPs outsourcing key functions, the management of those IORPs, or other activities covered by this Directive enter **into a written agreement with the service provider**. Such agreement shall be **legally enforceable and shall clearly define the rights and obligations of the IORP and the service provider**.

