

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.