

Annex 1 - Recommended template for the management committee's reporting on the assessment of the effectiveness of the governance system

I. Template for insurance companies

NB: This template includes the minimum list of the areas which must be assessed in terms of the effectiveness and efficiency and that must be included in the reporting of the management committees of insurance companies on the effectiveness of the governance system.

1. Management structure, remuneration and shareholdership

1.1. Management structure

- a) Board of directors (composition, tasks, operation)
- b) Management committee (composition, tasks, operation)
- c) Specialist committees of the board of directors (composition, tasks, operation)

1.2. Remuneration

- a) Policy
- b) Implementation process

1.3. Shareholdership

- a) Process for monitoring changes in the shareholder structure

2. Fit & proper, external functions and transactions with managers

2.1. Fit & proper

- a) Policy
- b) Implementation process

2.2. External functions and incompatibilities

- a) Internal rules
- b) Implementation process

2.3. Loans, credits or guarantees and insurance policies for managers

- a) Process for monitoring transactions with managers

3. Risk management system, ORSA process and risk management function

3.1. Risk management system

- a) Framework for risk appetite and tolerance limits
- b) General risk management policy
- c) Specific policies per risk
- d) System for identifying and measuring risks
- e) Risk reporting system
- f) Implementation process

3.2. ORSA process

- a) ORSA policy
- b) Implementation process

3.3. Risk management function

3.4. Contingency plans

4. Organisational structure, internal control system, compliance function, integrity and IT infrastructure

4.1. Operational structure

- a) Administrative organisation
- b) Supporting functions
- c) Process for financial and statistical reporting (annual accounts, periodic prudential reports and statistics)

4.2. Internal control system

4.3. Financial management

- a) Investments/'prudent person' principle: policy and implementation process
- b) Capital management: policy and implementation process
- c) Valuation of assets and liabilities other than technical provisions: policy and implementation process

4.4. Compliance function

4.5. Integrity policy

- a) Policy covering at least (i) the company goals and values, (ii) the prevention of money laundering and terrorist financing (in case of life insurance activities), (iii) whistleblowing, and (iv) conflicts of interest
- b) Policy
- c) Implementation process

4.6. IT infrastructure

- a) Continuity policy and implementation process
- b) IT security
- c) Where applicable cloud computing

5. Internal audit function

6. Actuarial function

7. Outsourcing

- a) Policy
- b) Supervisory model

8. Other relevant areas of governance

- a) The interaction with the entity heading up the group (when the company forms part of a group that does not come under the Bank's supervision)
- b) All other domains that are deemed relevant to assess the governance system

II. Template for the entity responsible for a group governed by Belgian law

In accordance with Articles 392 to 398, 443, 464 to 470 of the Solvency II Law, the management committee of the entity responsible for a group governed by Belgian law assesses the effectiveness/suitability of all aspects in point I above and the specific domains for the group aspects below:

8.1. Group-level internal governance system

- a) Mechanisms for interaction between the management bodies of the entity heading up the group and that of the subsidiaries
- b) Mechanisms for interaction between the independent control functions of the entity heading up the group and that of the subsidiaries

8.2. Group-level risk management system

8.3. Organisational aspects relating to the group:

- a) Organisational structure of the group
- b) Internal control system of the group
- c) Policy and procedures of the group
 - a. Intra-group transactions
 - b. Outsourcing within the group
 - c. Conflicts of interest within the group
 - d. Remuneration, etc.