

## Annex 2 - Template for the chapter on “Governance system” of the RSR

### I. Template for insurance companies

NB: the information requested by the NBB in addition to the information provided for in Delegated Regulation 2015/35 is designated below as a “Belgian characteristic”.

Sub-chapters and sections of the chapter on “Governance system” of the RSR
<b>1. Management structure, remuneration and shareholdership</b>
<b>1.1. Management bodies</b>
Description of the <u>tasks</u> and responsibilities of at least <ul style="list-style-type: none"> <li>(i) the board of directors</li> <li>(ii) the management committee (or senior management); and</li> <li>(iii) where applicable: the audit committee/risk committee/remuneration committee</li> </ul>
Description of the <u>composition</u> and <u>operation</u> (frequency of meetings, internal regulations, internal rules on composition, etc.) of at least <ul style="list-style-type: none"> <li>(i) the board of directors</li> <li>(ii) the management committee (or senior management); and</li> <li>(iii) where applicable: the audit committee/risk committee/remuneration committee</li> </ul>
<b>1.2. Remuneration</b>
General information on the <u>remuneration policy and remuneration practices</u> that apply to the members of the board of directors and the management committee, the persons responsible for independent control functions, the members of staff deemed “risk takers” and employees, including the manner in which the principles of Article 275 of the Delegated Regulation 2015/35 is complied with.
If the company has identified staff receiving significant remuneration within the meaning of Chapter 8 of this Circular, specific and detailed information on how the requirements set out in section 8.4. are complied with in practice.
<b><u>Belgian characteristics:</u></b> <ul style="list-style-type: none"> <li>- The <u>remuneration entitlements</u> of the members of the board of directors, the management committee, the persons responsible for independent control functions and of the “risk takers” during the reporting period =&gt; <b>quantitative information to be submitted through OneGate</b></li> <li>- Explanatory memorandum "Non-compliance Section 8.4." =&gt; <b>ad hoc reporting to be submitted through eCorporate</b></li> </ul>
<b>1.3. Shareholdership</b>
Information on the <u>shareholders who have a qualifying holding</u> in the company and, where applicable, information on the <u>group structure</u> .
Information on the <u>material transactions executed</u> during the reporting period <u>with shareholders</u> , and persons that exercise a significant influence on the company (stating any cross-participations)
<b><u>Belgian characteristic:</u></b> Information on any <u>shareholder/member charters</u> for the company

<b>2. Fit &amp; proper, external functions and transactions with managers</b>
<b>2.1. Fit &amp; proper</b>
Description of the <u>Fit &amp; Proper requirements</u> applied by the company to the members of the board of directors and management committee and to the persons responsible for independent control functions (summary of the Fit & Proper policy)
Description of the <u>procedures</u> for assessing the fitness and propriety of the members of the board of directors and the management committee and of the persons responsible for independent control functions
Detailed information on the <u>policies and processes established</u> by the company to ensure that those persons are permanently fit and proper
<b>Belgian characteristic:</b> Description of the implementation of the following criteria relating to the composition organisation of the management bodies: <u>number of directors, duration and rotation of mandates, upper age limit, gender, etc.</u>
<b>2.2. External functions and incompatibilities</b>
Description of the principles included in the company's <u>internal rules on external functions and incompatibilities</u>
<b>2.3. Loans, credits or guarantees and insurance policies for managers, shareholders, related institutions and related persons</b>
<b>Belgian characteristic:</b> Information on the <u>material transactions</u> executed during the reporting period with members of the board of directors or the management committee, the qualified shareholders, related institutions and related persons and especially the list of loans/credits or guarantees of more than € 100,000 => <b>summary in the RSR and figures to be included in eCorporate as reporting B.10</b>
<b>3. Risk management system, ORSA process and risk management function</b>
<b>3.1. Risk management system</b>
Description of the company's <u>risk management system</u> , including the strategies, processes and reporting procedures applied in that respect, as well as the way in which this system succeeds in effectively and permanently identifying, calculating, monitoring, managing and reporting the risks to which the company is exposed or could be exposed on an individual or aggregate level
Description of the way in which the risk management system, including the risk management function is <u>integrated in the company's organisational structure and decision-making process</u>
For each risk category, the information on the company's <u>objectives, strategies, processes and reporting procedures</u> for risk management
Information on <u>significant risks</u> to which the company is exposed in its insurance obligations and on the way in which these are taken into account in its overall solvency needs
Information on <u>all material risks</u> that the company has identified and that are not fully included in the calculation of the solvency capital requirement
Information on the way in which the company complies with its obligation to invest all of its assets in accordance with the <u>prudent person principle</u>
Information on the way in which the company verifies whether <u>credit assessments</u> by external credit assessment institutions are adequate, including how and the extent to which credit assessments from external credit assessment institutions are used
Results of the assessments regarding the <u>extrapolation of the risk-free rate, the matching adjustment and the volatility adjustment</u>

<b>3.2. Own Risk and Solvency Assessment</b>
Description of the company's <u>procedure</u> for complying with its obligation to conduct an Own Risk and Solvency Assessment as part of its risk management system, including how the Own Risk and Solvency Assessment is integrated into the company's organisational structure and decision-making process
Statement detailing the <u>frequency</u> with which the Own Risk and Solvency Assessment is reviewed and approved by the company's board of directors and management committee (where applicable the senior management)
<u>Statement</u> detailing how the company has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other
Detailed information on <u>the way in which the Own Risk and Solvency Assessments are conducted, documented and analysed internally</u>
Description of the way in which the Own Risk and Solvency Assessments are <u>integrated into the company's management and decision-making processes</u>
<b>3.3. Risk management function</b>
Description of the <u>tasks</u> and method of <u>implementation</u> of the risk management function
<b><i>Belgian characteristic:</i></b> Information on the <u>status</u> of the risk management function (place in the organisation chart, independence, reporting to the management bodies, charter, etc.) and its <u>organisation</u> (staffing resources, management of the function, methodology, interaction with the other control functions, etc.)
<b><i>Belgian characteristic:</i></b> Description of the company's <u>risk management charter/policy</u> , the process for evaluating that charter, frequency of the evaluation and any significant changes to the charter during the reporting period
<b>3.4. Contingency plans</b>
<b><i>Belgian characteristic:</i></b> Description of the <u>process for preparing</u> contingency plans (method used)
<b>4. Operational structure, internal control system, compliance function, integrity and IT infrastructure</b>
<b>4.1. Organisational and operational structure</b>
Information on the <u>allocation of responsibilities</u> and distribution of functions
<b><i>Belgian characteristic:</i></b> Information on the <u>organisational/operational structure</u> of the company: organisation chart, reporting lines, short overview of the main business units and of the supporting functions
<b><i>Belgian characteristic:</i></b> Information on the <u>financial and accounting process</u> : investment management, capital management, valuation of assets and liabilities other than technical provisions
<b><i>Belgian characteristic:</i></b> Information on the <u>financial and prudential reporting</u>
<b>4.2. Internal control system</b>
Description of the company's <u>internal control system</u> (objectives set by the management bodies, rules on reporting of identified risks, rules for monitoring procedures, staff training, documentation and filing, etc.)

Detailed information on the <u>key procedures</u> of the internal control system
List of responsible persons for independent control functions with, if relevant, (i) in case of outsourcing, information on the contact person responsible and the compliance with section 5.1.4. of the overarching governance circular and (ii) in case of combination of functions on the head of a responsible person for the independent control function, information on the compliance with section 5.1.5. of the overarching governance circular => <b>names of the persons to be stipulated in eCorporate in the reporting B.12</b>
<b>4.3. Compliance function</b>
Description of the <u>tasks</u> and method of <u>implementation</u> of the compliance function
<b><i>Belgian characteristic:</i></b> Information on the <u>status</u> of the compliance function (place in the organisation chart, independence, reporting to the management bodies, charter etc.) and its <u>organisation</u> (staffing resources, management of the function, methodology, interaction with the other control functions, etc.)
<b><i>Belgian characteristic:</i></b> Information on the <u>compliance charter/policy</u> , the process for evaluating that charter, frequency of the evaluation and any significant changes to the charter during the reporting period.
<b>4.4. Integrity policy</b>
<b><i>Belgian characteristic:</i></b> Description of the integrity policy validated by the company and of the broad guidelines included therein on at least the following subjects: (i) company goals and values, (ii) prevention of money laundering and terrorist financing (in case of life insurance activities), (iii) whistleblowing, and (iv) conflicts of interest
<b>4.5. IT infrastructure and continuity</b>
<b><i>Belgian characteristic:</i></b> Description of the principles taken into account as regards IT security, internet services and, where applicable, cloud computing
<b><i>Belgian characteristic:</i></b> Description of the principles included in the continuity policy
<b>5. Internal audit function</b>
Description of the <u>tasks</u> and method of <u>implementation</u> of the internal audit function (audit scope used, audit method used, etc.)
Description of the way in which the company's internal audit function maintains its <u>independence</u> and objectiveness regarding audited work.
<b><i>Belgian characteristic:</i></b> Information on the <u>status</u> of the internal audit function (place in the organisation chart, independence, reporting to the management bodies, charter, etc.) and its <u>organisation</u> (staffing resources, management of the function, methodology, interaction with the other control functions, etc.)
<b><i>Belgian characteristic:</i></b> Description of the company's <u>internal audit charter/policy</u> , the process for evaluating that charter, frequency of the evaluation and any significant changes to the charter during the reporting period;
<b>6. Actuarial function</b>
Description of the <u>tasks</u> and method of <u>implementation</u> of the actuarial function
<b><i>Belgian characteristic:</i></b> Information on the <u>status</u> of the actuarial function (place in the organisation chart, independence, reporting to the management bodies,

<p>charter, etc.) and its <u>organisation</u> (staffing resources, management of the function, methodology, interaction with the other control functions, etc.)</p> <p><b>Belgian characteristic:</b> Description of the company's <u>actuarial function charter/policy</u>, the process for evaluating that charter, frequency of the evaluation and any significant changes to the charter during the reporting period;</p>
<p><b>7. Outsourcing</b></p>
<p>Description of the main features of the insurance company's <u>outsourcing policy</u> including the process to determine whether a function or activity is a critical or important function or activity</p>
<p><u>Perimeter</u> of all critical or important functions or activities which are outsourced =&gt; <b>Detailed list to be included in eCorporate as reporting B.9.</b></p>
<p>Description of the <u>reasons</u> leading to the outsourcing of critical or important functions or activities</p>
<p>Description of the <u>mechanisms in place to monitor the outsourcing</u> of the critical or important functions or activities</p>
<p>Information on the <u>service providers to which critical or major operational functions or activities</u> are outsourced (list of persons responsible at the service providers) as well as the <u>way in which the company ensures that the service providers</u> comply with the requirements of Article 274(3)(a) of Delegated Regulation 2015/35 (performance indicators, identification of contact persons responsible, etc.)</p>
<p>In case of <u>outsourcing of independent control functions</u>, description of the measures taken to answer to the additional prudential framework rules foreseen in section 7.4.4. of the overarching governance circular (contact person responsible and direct reporting to the management bodies)</p>
<p><b>8. Other information</b></p>
<p>All other governance information that is relevant to assess the appropriate nature of the governance system set up by the insurance company</p>

## **II. Template for the entity responsible for an insurance group governed by Belgian law**

NB: the template below contains the same information as required from the individual insurance companies (insofar as this is relevant) plus some additional information on the group. The latter information is shown in **bold** below.

<b>Sub-chapters and sections of the chapter on “Governance system” of the RSR</b>
<b>1. Management structure and shareholdership of the entity responsible for the group</b>
<b>1.1. Governing bodies</b>
Description of the <u>tasks</u> and responsibilities of at least (i) the board of directors (ii) the management committee (or senior management); and (iii) where applicable: the audit committee/risk committee/remuneration committee
Description of the <u>composition</u> and <u>operation</u> (frequency of meetings, internal regulations, internal rules on composition, etc.) of at least (i) the board of directors (ii) the management committee (or senior management); and (iii) where applicable: the audit committee/risk committee/remuneration committee
<b>Description of the <u>mechanisms</u> by which the <u>internal governance of the group</u> (interaction between the management bodies of the entity responsible for the group and the subsidiaries) can be safeguarded and, in particular, a description of the organisation of the <u>supervision of subsidiaries</u> by the entity responsible for the group</b>
<b>1.2. Remuneration</b>
Information on the <u>remuneration policy and remuneration practices</u> that apply to the members of the board of directors and the management committee, the persons responsible for independent control functions, the members of staff deemed “risk takers” and employees, including the manner in which the principles of Article 275 of the Delegated Regulation 2015/35 is complied with. This section should also include <b>information on the general coherence of the remuneration policies of the group.</b>
If the entity responsible for the group has identified staff receiving significant remuneration within the meaning of Chapter 8 of this Circular, specific and detailed information on how the requirements set out in section 8.4. are complied with in practice.
<b><u>Belgian characteristics:</u></b> - The remuneration entitlements of the members of the board of directors, the management committee, the persons responsible for independent control functions and the “risk takers” during the reporting period => <b>quantitative information to be submitted through OneGate</b> - Explanatory memorandum "Non-compliance Section 8.4." => <b>ad hoc reporting to be submitted through eCorporate</b>
<b>1.3. Shareholdership</b>

Information on the <u>shareholders who have a qualifying holding</u> in the entity responsible for the group
Information on the <u>material transactions executed</u> during the reporting period with <u>shareholders</u> , and persons that exercise a significant influence on the entity responsible for the group (stating any cross-participations)
<b><i>Belgian characteristic:</i></b> Information on any <u>shareholder/member charters</u> for the company
<b>2. Expertise and professional integrity of the managers of the entity responsible for the group</b>
<b>2.1. Fit &amp; proper</b>
Description of the <u>Fit &amp; Proper requirements</u> applied by the entity responsible for the group to the members of the board of directors and management committee and to the persons responsible for independent control functions (summary of the Fit & Proper policy)
Description of the <u>process</u> used by the entity responsible for the group for assessing the fitness and propriety of the members of the board of directors and the management committee, and of the persons responsible for independent control functions
Detailed information on the <u>policies and processes established</u> by the entity responsible for the group to ensure that those persons are permanently fit and proper (in case of a reassessment of the F&P nature)
<b><i>Belgian characteristic:</i></b> Description of the implementation of the following criteria relating to the composition organisation of the management bodies: <u>number of directors, duration and rotation of mandates, upper age limit, gender, etc.</u>
<b>2.2. External functions and incompatibilities</b>
Description of the principles included in the <u>internal rules on external functions and incompatibilities</u> of the entity responsible for the group
<b>2.3. Loans, credits or guarantees and insurance policies for managers, shareholders, related institutions and related persons</b>
<b><i>Belgian characteristic:</i></b> Information on the <u>material transactions</u> executed during the reporting period with members of the board of directors or the management committee, the qualified shareholders, related institutions and related persons and especially the list of loans/credits or guarantees of more than € 100,000 => <i>summary in the RSR and figures to be included in eCorporate as reporting B.10</i>
<b>3. Risk management system, ORSA process and risk management function</b>
<b>3.1. Risk management system</b>
Description of the <u>risk management system</u> of the entity responsible for the group, including the strategies, processes and reporting procedures applied in that respect, as well as the way in which this system succeeds in effectively and permanently identifying, calculating, monitoring, managing and reporting the risks to which the entity responsible for the group is exposed or could be exposed on an individual or aggregate level
Description of the way in which the risk management system, including the risk management function is <u>integrated in the organisational structure</u> and decision-making process of the entity responsible for the group
<b>Description of the way in which the <u>risk management system</u> and the reporting procedures are consistently applied in all companies that come under</b>

<b>the group supervision</b>
For each risk category, information on the <u>objectives, strategies, processes and reporting procedures</u> for risk management of the entity responsible for the group
Information on <u>significant risks</u> to which the entity responsible for the group is exposed in its insurance obligations and on the way in which these are taken into account in its overall solvency needs
Information on <u>all material risks</u> that the entity responsible for the group has identified and that are not fully incorporated in the calculation of the solvency capital requirement
Information on the way in which the entity responsible for the group complies with its obligation to invest all of its assets in accordance with the <u>prudent person principle</u>
Information on the way in which the entity responsible for the group verifies whether <u>credit assessments</u> by external credit assessment institutions are adequate, including how and the extent to which credit assessments from external credit assessment institutions are used
Results of the assessments regarding the <u>extrapolation of the risk-free rate</u> , the matching adjustment and the volatility adjustment
<b>Where applicable, information on the subsidiaries included in the <u>Own Risk and Solvency Assessment</u> of the group</b>
<b>Qualitative and quantitative information on specific <u>material risks at a group level</u></b>
<b>3.2. Own Risk and Solvency Assessment</b>
Description of the <u>procedure</u> of the entity responsible for the group for complying with its obligation to conduct an Own Risk and Solvency Assessment as part of its risk management system, including how the Own Risk and Solvency Assessment is integrated into the organisational structure and decision-making process of the entity responsible for the group
Statement detailing the <u>frequency</u> with which the Own Risk and Solvency Assessment is reviewed and approved by the board of directors and the management committee (where applicable the senior management) of the entity responsible for the group
Statement detailing how the entity responsible for the group has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other
<b>Where applicable, a statement that the participating insurance company, insurance holding company or mixed financial holding company has used the option to consolidate all <u>Own Risk and Solvency Assessments of the group in a single document</u></b>
Detailed information on <u>the way in which the Own Risk and Solvency Assessments are conducted, documented and analysed internally</u>
Description of the way in which the Own Risk and Solvency Assessments are <u>integrated into the management and decision-making processes</u> of the entity responsible for the group
<b>3.3. Risk management function</b>
Description of the <u>tasks</u> and method of <u>implementation</u> of the risk management function



<b><i>Belgian characteristic:</i></b> Information on the <u>status</u> of the risk management function (place in the organisation chart, independence, reporting to the management bodies, charter, etc.) and its <u>organisation</u> (staffing resources, management of the function, methodology, interaction with the other control functions, etc.)
<b><i>Belgian characteristic:</i></b> Description of the <u>risk management charter/policy</u> of the entity responsible for the group, the process for evaluating that charter, the frequency of the evaluation and any significant changes to the charter during the reporting period
<b>Explanation of the mechanisms for coordination between the risk management function of the group and those of the insurance subsidiaries</b>
<b>3.4. Contingency plans</b>
<b><i>Belgian characteristic:</i></b> Description of the <u>process for preparing</u> contingency plans (method used)
<b>4. Operational structure, internal control system, compliance function, integrity and IT infrastructure</b>
<b>4.1. Organisational and operational structure</b>
Information on the <u>allocation of responsibilities</u> and distribution of functions
<b><i>Belgian characteristic:</i></b> Information on the <u>organisational/operational structure</u> of the entity responsible for the group: organisation chart, reporting lines, short overview of the main business units and of supporting functions
<b><i>Belgian characteristic:</i></b> Information on the <u>financial and accounting organisation</u> : investment management, capital management, valuation of assets and liabilities other than technical provisions
<b><i>Belgian characteristic:</i></b> Information on the <u>financial and prudential reporting</u> of the entity responsible for the group
<b><u>Specific distribution of tasks between the entity responsible for the group and the subsidiaries, including a delineation of the subsidiary's own responsibilities</u></b>
<b>4.2. Internal control system</b>
Description of the <u>internal control system</u> of the entity responsible for the group (objectives set by the management bodies, rules on reporting of identified risks, rules for monitoring procedures, staff training, documentation and filing, etc.)
<b>Description of the way in which the <u>internal control system</u> and the reporting procedures are <u>consistently applied</u> in all companies that come under the group supervision</b>
Detailed information on the <u>key procedures</u> of the internal control system of the entity responsible for the group
<u>List of responsible persons for independent control functions</u> with, if relevant, (i) in case of outsourcing, information on the 'contact person responsible' and the way the entity complies with section 5.1.4. of the overarching governance circular and (ii) in case of combination of functions on the head of a responsible person for an independent control function, information on the way the entity complies with section 5.1.5. of the overarching governance circular => <i>names of the persons to be stipulated in eCorporate in the reporting B.12</i>
<b>Description of the way in which the <u>internal control mechanisms of the group</u> comply with the requirements established in Article 394, second paragraph of the Solvency II Law</b>
<b>4.3. Compliance function</b>
Description of the <u>tasks</u> and method of <u>implementation</u> of the compliance function

<b><i>Belgian characteristic:</i></b> Information on the <u>status</u> of the compliance function (place in the organisation chart, independence, reporting to the management bodies, charter, etc.) and its <u>organisation</u> (staffing resources, management of the function, methodology, interaction with the other control functions, etc.)
<b><i>Belgian characteristic:</i></b> Description of the <u>compliance charter/policy</u> of the entity responsible for the group, the process for evaluating that charter, the frequency of the evaluation and any significant changes to the charter during the reporting period.
<b>4.4. Integrity policy</b>
<b><i>Belgian characteristic:</i></b> Description of the integrity policy validated by the entity responsible for the group and of the broad guidelines included therein on at least the following subjects: (i) company goals and values, (ii) prevention of money laundering and terrorist financing (in case of life insurance activities), (iii) whistleblowing, and (iv) conflicts of interest
<b>4.5. IT infrastructure and continuity</b>
<b><i>Belgian characteristic:</i></b> Description of the principles taken into account as regards IT security, internet services and, where applicable, cloud computing
<b><i>Belgian characteristic:</i></b> Description of the principles included in the continuity policy
<b>5. Internal audit function</b>
Description of the <u>tasks</u> and method of <u>implementation</u> of the internal audit function (audit scope used, audit method used, etc.)
Description of the way in which the internal audit function of the entity responsible for the group maintains its <u>independence</u> and objectiveness regarding audited work
<b><i>Belgian characteristic:</i></b> Information on the <u>status</u> of the internal audit function (place in the organisation chart, independence, reporting to the management bodies, charter, etc.) and its <u>organisation</u> (staffing resources, management of the function, methodology, interaction with the other control functions, etc.)
<b>Explanation of the mechanisms for coordination between the internal audit function of the group and those of the insurance subsidiaries</b>
<b><i>Belgian characteristic:</i></b> Description of the <u>internal audit charter/policy</u> of the entity responsible for the group, the process for evaluating that charter, frequency of the evaluation and any significant changes to the charter during the reporting period
If the persons who exercise the internal audit function also <u>fulfil other key functions</u> , a quantitative and qualitative assessment of compliance with the conditions for avoiding conflicts of interest and for the suitability requirements as regards the risk profile of the entity responsible for the group
<b>6. Actuarial function</b>
Description of the <u>tasks</u> and method of <u>implementation</u> of the actuarial function
<b><i>Belgian characteristic:</i></b> Information on the <u>status</u> of the actuarial function (place in the organisation chart, independence, reporting to the management bodies, charter, etc.) and its <u>organisation</u> (staffing resources, management of the function, methodology, interaction with the other control functions, etc.)
<b><i>Belgian characteristic:</i></b> Description of the <u>actuarial function charter/policy</u> of the entity responsible for the group, the process for evaluating that charter, frequency of the evaluation and any significant changes to the charter during the reporting period
<b>Explanation of the mechanisms for coordination between the actuarial function of the group and those of the insurance subsidiaries</b>

<b>7. Outsourcing</b>
Description of the main features of the insurance company's <u>outsourcing policy</u> including the process to determine whether a function or activity is a critical or important function or activity
<u>Perimeter</u> of all critical or important functions or activities which are outsourced => <b>Detailed list to be included in eCorporate as reporting B.9.</b>
Description of the <u>reasons</u> leading to the outsourcing of critical or important functions or activities
Description of the <u>mechanisms in place to monitor the outsourcing of critical or important functions or activities</u>
<b>Information on the material intragroup outsourcing agreements and the mechanisms in place for monitoring -from the entity responsible of the group- these intragroup outsourcings</b>
<u>Information on the service providers to which critical or major operational functions or activities</u> are outsourced (list of persons responsible at the service providers) as well as the <u>way in which the company ensures that the service providers</u> comply with the requirements of Article 274(3)(a) of Delegated Regulation 2015/35 (performance indicators, identification of contact persons responsible, etc.)
In case of <u>outsourcing of independent control functions</u> , description of the measures taken to answer to the additional prudential framework rules foreseen in section 7.4.4. of the overarching governance circular (contact person responsible and direct reporting to the management bodies)
<b>8. Other information</b>
All other governance information relevant for the assessment of the appropriate nature of the governance system set up at the level of the entity responsible for the group, <b>and at a group level</b>

