Central Bank of Ireland's report on board effectiveness of Irish fund management companies

April 2026

What has the Central Bank published?

On 20 April 2026, the Central Bank of Ireland **(Central Bank)** published a **feedback report** on the review it carried out last year on a cohort of Irish fund management companies on board effectiveness through the lens of diversity and inclusion **(Report).**

As part of its review and notwithstanding the absence of binding requirements imposed under legislation or otherwise in certain areas reviewed, the Central Bank examined the composition of Irish fund management company boards and their senior management as well as the strategic decision-making process succession planning and their broader diversity and inclusion **(D&I)** practices within those fund management companies.

The Report sets down the Central Bank's findings including the good practices it identified.

While some positive practices (as highlighted in more detail below) were identified, the Central Bank is of the view that more work needs to be done to enhance board effectiveness through the lens of D&I.

Is the Report only relevant to Irish fund management companies?

No. While the review was carried out certain Irish fund management companies, the Report makes clear that it expects not only Irish fund management companies but other Irish regulated firms to consider the Report and to take appropriate steps to address any gaps or weaknesses.

What recommendations have been put forward in the area of composition and effectiveness of the Board, Senior Management and Board Committees?

Diversity and Inclusion

The Central Bank advocates adopting a consistent and structured approach to embedding D&I within governance structures.

Good practices identified by the Central Bank include Board and senior management team membership which reflect diverse professional and educational backgrounds and firms taking actions to improve diversity in senior roles. The Central Bank also notes that use of diversity targets or metrics are key to maintaining and strengthening diversity levels.

Independent Non-Executive Directors

The Central Bank also reminds firms of its expectation that where an independent non-executive director **(INED)** is in place for a prolonged period of time, the independence of that director should be formally and comprehensively assessed at least annually and the appropriateness of continued use of the INED designation should be considered.

Governance processes relating to board effectiveness

Strategic decision-making

Good practices identified by the Central Bank include diverse project teams advising the board on the relevant decision, well documented decision-making procedures and clear minutes demonstrating challenge and discussion. The Report also emphasises the importance of maintaining clear summaries and records of any key decisions which are made outside of formal board meetings.

Board evaluations

The Central Bank expects a structured and comprehensive approach to be taken for all annual board evaluations which should incorporate, for example, skills gap analysis.

Succession planning

Noting the quality of firms' succession planning arrangements varied significantly, the Report outlines good practices as including implementing detailed skills matrices to identify the skill, competencies and experience needed to perform relevant senior roles effectively. Other good practices identified by the Central Bank include outlining named successors, setting clearly defined time horizons, identifying individuals requiring further development, setting clearly defined time horizons, maintaining a named panel of potential successors for INED roles and identifying an individual within the firm as responsible for succession planning.

What now?

The Central Bank expects fund management companies and other regulated firms to assess existing governance processes against the findings and good practices set down in the Report. Where gaps or weaknesses are identified as part of this assessment, appropriate action should be taken to mitigate any risk arising from same.

It has not imposed any specific timeframe within which firms should carry out the relevant assessment and take any necessary steps to mitigate identified risks.

How can we help?

Dillon Eustace can assist regulated firms in carrying out the necessary gap analysis to identify and implement any action that needs to be taken to align existing governance arrangements with the expectations outlined in the Report.

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