

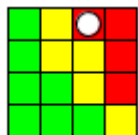
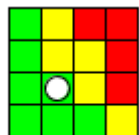

CHB PENSIONS COMMITTEE Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: Amanda Luk

Generated on: 11 August 2023



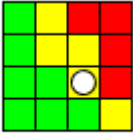
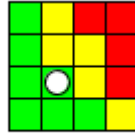
Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 009 McCloud Remedy	<p>Cause: Implementation of the proposed remedy following new pension legislation and scheme specific regulations for the removal of age discrimination from the LGPS due to the McCloud judgement.</p> <p>Event: The impact of scheme amendments upon scheme members, Pensions Office and scheme employers due to implementation of the proposed remedy for McCloud.</p> <p>Effect: The Pensions Office is unable to adequately comply with legislative and regulatory amendments arising from the proposed McCloud remedy.</p>		<p>16</p>	<p>In December 2018, the Court of Appeal ruled that the “underpin protection” included in the 2014 LGPS reforms directly discriminated against some younger pension scheme members – this is now referred to as the McCloud Judgement or McCloud.</p> <p>On 15 July 2019 the government confirmed that the difference in treatment would be remedied in the LGPS and subsequently published a consultation document that set out options for how the government proposed to remove the discrimination.</p> <p>In February 2021 HM Treasury published its response to the consultation document and set out its preferred remedy choice.</p>		<p>4</p>	<p>01-Oct-2023</p>	

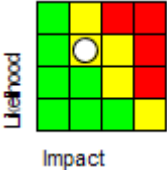
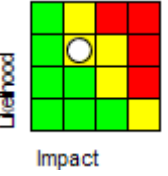

20-Jan-2022 Kate Limna			<p>Further legislative changes are required before the remedy can be implemented, however, due to the complexity of the proposed remedy pension administrators and pension systems providers have commenced development of systems and processes based on current understandings to enable the remedy to be implemented.</p> <p>On 10 March 2022 the Public Services and Judicial Offices Act 2022 received Royal Assent.</p> <p>The main purpose of the Act was to support the implementation of the McCloud remedy, however further guidance and legislation is required before it can be applied directly to the LGPS.</p> <p>11 Aug 2023</p>				Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 009a	DLUHC has confirmed the proposed remedy and the intention to introduce legislation to the statute books from 1 April 2023 but applied retrospectively to 31 March 2012 and 31 March 2014. The Pensions Office will need to understand what this means, develop processes and calculations to apply the regulations for the amended schemes and should be aware of all relevant correspondence issued by the DLUHC, LGA & HMRC and regularly attend seminars, forums, webinars and user groups.	<p>Continue with membership of working groups including South East Counties Senior Officer Group (SEC SOG), Aquila Heywood Remedy Implementation Group, to ensure development of software and understanding of legislation.</p> <p>Attend conferences, webinars, forums and seminars as appropriate and keep up to date with bulletins and guidance from the Home Office.</p>	Graham Newman	11-Aug-2023	01-Oct-2023
CHB Pensions 009b	Identification of eligible scheme members who will qualify for the remedy. All data must be reviewed and if necessary	Perform data review exercise in bulk and individually to identify scheme members who may qualify and/or identify missing data.	Graham Newman	11-Aug-2023	01-Oct-2023

	amended. In some cases data may be missing and must be requested from employers and previous pension providers.	Software provider currently developing systems to identify qualifying scheme member on bulk reports. Develop data process to request missing information and scheme member record update.			
CHB Pensions 009c	System Development Calculation/Revaluation	Software provider currently developing calculations and recalculations of deferred benefits and those already in receipt of pension to identify incorrect values and any over/underpayments. Development should include bulk calculations and calculations for individuals, include revised pension amounts, arrears payable/collectible (benefits and contributions) plus interest payable if applicable.	Graham Newman	11-Aug-2023	01-Oct-2023
CHB Pensions 009d	Working in conjunction with LGA to prepare communications and standard responses (FAQs) to be sent to affected scheme members.	It will be essential for communications to be regular and clear. Further detail about the proposed remedy and delivery of it, including scheme members who may be affected, must be known prior to any specific remedy communications. The Pensions Office website carries current information from various sources including DLUHC. Further communications will be added when they are released. The Annual Benefit Statements (ABS) contain a statement on McCloud provided by the LGA <u>and in 2023 will also include a link to a leaflet that was created by the LGA in conjunction with the Scheme Advisory Board (SAB). This leaflet is also already available on the City's Pension Website.</u> The ABS will need to be amended following implementation of the amended regulations as is anticipated McCloud data will need to be included for each scheme member. Scheme members who may be affected will need a final communication confirming if benefit values have been amended and if so by how much, including value of arrears and interest if applicable.	Graham Newman	11-Aug-2023	01-Oct-2023

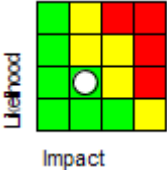
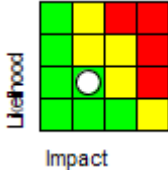

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<p>CHB Pensions 001 Insufficient Assets</p> <p>17-Dec-2019 Kate Limna</p>	<p>Cause: The asset allocation of the Pension Fund portfolio is unable to fund long term liabilities due to market movements Event: There are insufficient assets to meet liabilities Effect: Reduced income or lower than anticipated growth. Participating employers are required to provide further funding through increased contributions to finance liabilities.</p>	<p>Lifehood</p>  <p>Impact</p>	<p>8</p>	<p>The Pension Fund’s absolute return target has been set at 5.2% annually from 1st April 2020 by the Financial Investment Board (which is consistent with the strategy for funding the Fund’s liabilities). <u>As at 31 July 2023, the Fund is outperforming its absolute return target over three years but underperformed over one and five years; the Fund has produced a positive return over all time frames. This is largely as a result of global equity markets which performed well in the first seven months of the year following a difficult 2022.</u> Financial Markets have been very volatile over the last year due to the war in Ukraine, increasing inflation and interest rates and the effect of the September mini budget which was shortly u turned on. This has affected stock markets, with the MSCI AC World and MSCI World all returning negatively for the year ended 31 December but despite global turmoil FTSE All share ended on a modest annual gain.</p> <p>11 Aug 2023</p>	<p>Lifehood</p>  <p>Impact</p>	<p>4</p>	<p>31-Mar-2024</p>	<p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 001a	The Investment strategy of the Pension Fund is reviewed at least every three years following the triennial valuation with proper advice from the Investment Consultant.	<p>The Pension Fund Investment Strategy was reviewed following the completion of the 2019 triennial valuation of the Fund's liabilities, by the Financial Investment Board in July 2020. This ensured that the investment strategy remained appropriate in the context of the Fund's updated liabilities valuation and the current investment environment.</p> <p>The 2022 triennial actuarial valuation has been finalised is currently being finalised by the scheme Actuary, Barnett Waddingham and once this is completed, the Investment Strategy Statement is being will be reviewed by the Pensions Committee.</p>	Caroline Al-Beyerty; Kate Limna	11-Aug-2023	31-Mar-2024
CHB Pensions 001b	The investment performance of the Pension Fund is measured against absolute return targets required to meet long term objectives. This will be reported to the Pensions Committee throughout the year and is supplemented by market insight from the Corporation's Investment Consultant who will assist any strategic decisions required in between the three-year formal strategy reviews.	The investment performance of the Pension Fund will be brought to each Pensions Committee for consideration.	Kate Limna	11-Aug-2023	31-Mar-2024

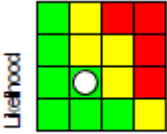
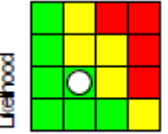
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CHB Pensions 010 Targeted returns 08-Mar-2018 Caroline Al-Beyerty	<p>Cause: Fund managers (including the London CIV) fail to achieve the targeted investment returns because</p> <ul style="list-style-type: none"> unsuitable fund managers are appointed, individual fund managers underperform against the benchmarks agreed by the Committee, aggregate fund manager performance fails to achieve the long-term targets, Number of investors in a fund may diminish below a minimum level causing the fund to close. <p>Event: Failure to be seen to manage the funds responsibly.</p> <p>Effect: Supervisory intervention over management of the Funds.</p>		6	<p>The performance of fund managers and their aggregate performance is reported against target to the Pensions Committee. The Pensions Committee will set a diversified investment strategy to mitigate volatility and as such it expects different parts of the strategy to outperform at different times.</p> <p>The London CIV is a pooling vehicle for which the City of London Pension Fund is a shareholder. Currently 21 20% of CoL PF assets under management are held in two funds – Global Alpha Growth Fund (managed by Baillie Gifford) and Alternative Credit Fund (managed by CQS).</p> <p>11 Aug 2023</p>		6	31-Mar-2024	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 010a	Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and will be monitored by the Pensions Committee throughout the year. It is supplemented by market insight from the Corporation's investment consultants which provides peer group comparisons; checks on movement of key officers; and reviews on the incorporation of ESG considerations in implementing their investment strategies. Fund managers are invited to meet with Officers and	The performance report for the Pension Fund to 31 December 2022 31 July 2023 , along with the Investment Consultant's quarterly report (to June 2023 December) is reported to the Pensions Committee on 12 September 8 February 2023	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024

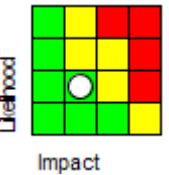
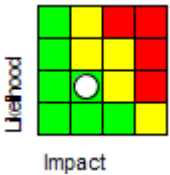
	Members to account for their performance as and when deemed necessary/as required.				
CHB Pensions 010b	Under the Government pooling agenda, London CIV is the asset pool operator for London LGPS funds. The LCIV holds monthly updates for Shareholders advising on latest developments for examples, product development and ESG/Climate related actions.	<p>At the October <u>August 2023</u> monthly meeting, the LCIV had no changes to the monitoring status of funds but were keeping a close watch on how Fund Manager performance particularly in this volatile market.</p> <p>At a recent meeting <u>in late 2022</u>, the 5-current investors in the Global Alpha Growth <u>Fund (of which there were 5)</u> were advised that should the number of investors fall below 3, an orderly exit from the fund may be considered. <u>The current number of investors remains at 5.</u></p>	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 003 Short term Cash flows 17-Dec-2019	Cause: Inadequate cash flow planning and monitoring. Event: Delayed settling of benefits/ assets disinvested at an opportune time Effects: Illiquidity or insufficient liquid assets to meet short term obligations		4	Insufficient liquidity to meet pension benefit payments, transfer payments and other costs, or to meet cash calls from fund managers. 11 Aug 2023		4	31-Mar-2024	 Constant

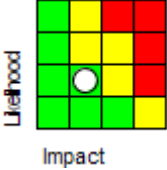
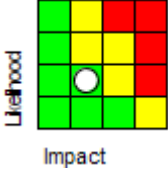

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 003a	The Pension Fund asset allocation is established to ensure appropriate exposure to asset classes.	The Pension fund asset allocation remains within tolerance of control ranges established by Financial Investment Board.	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024
CHB Pensions 003b	Alert fund managers in advance of transferring new monies and Fund managers are required to provide sufficient notice of cash calls and redemption payments.	Fund Managers are aware of the contractual notification period of 10 working days for any drawdowns and Officers alert fund managers Trading + X number of working days in advance of a withdrawal (X is dependent on the fund manager).	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024
CHB Pensions 003c	Cash flow forecasting to ensure adequate monitoring and planning.	A Cash flow forecast <u>has been created</u> is currently being refined to ensure the Pension Fund is able to meet any obligations required of it. <u>This is reported to Committee on a quarterly basis.</u>	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024

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10-Nov-2022	<p>CHB Pensions 004 Breach of GDPR / Data Protection regulations</p> <p>Cause: (i) Ineffective procedures. (ii) Inadequately trained staff. (iii) Data Accuracy. (iv) Lack of resources. Event: Scheme members' personal data is released to an unauthorised third party. Effect: (i) Breach of GDPR / Data Protection regulations. (ii) Financial penalties/ sanctions. (iii) Reputational damage</p>	 <p>Likelihood</p> <p>Impact</p>	4	<p>Personal data may be accidentally issued to an incorrect third party or body – e.g. an old postal address may be held for a scheme member or an error is made whilst typing an email address.</p> <p>A breach of the GDPR / DP regulations may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator or Information Commissioner's Office.</p> <p>11 Aug 2023</p>	 <p>Likelihood</p> <p>Impact</p>	4	31-Mar-2024	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 004a	Pensions administration staff to be aware of the corporate policy regarding data security and to follow the guidelines given.	Corporate online training regarding data-security to be carried out by all staff and reviewed as required.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 004b	Ensuring that any data sent electronically is sent securely / password protected with the password sent separately.	All staff are trained in how to protect documents and send emails securely. However, it is important that this training is kept up to date as technology / processes evolve and are changed.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 004c	Ensuring that member address details are kept up-to-date and that records are updated when the Pensions Office is made aware that the information held is no longer valid.	Notating the member records when the Pensions Office is made aware that the data held is no longer valid prevents their inclusion in any automated bulk mailshots.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 004d	Pensions administration staff to be aware of GDPR / Data Protection legislation.	GDPR / Data Protection reviewed and all staff reminded of the legislation and its importance. Processes amended for hybrid working, ensuring the protection of scheme member data.	Graham Newman	11-Aug-2023	31-Mar-2024

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CHB Pensions 006 Employer Insolvency 17-Dec-2019 Kate Limna	Cause: Processes not in place to capture or review covenant of individual employers. Event: Employer becomes insolvent or is abolished with insufficient funding to meet liabilities. Effect: Fund would pick up the liabilities potentially leading to increased contribution rates for other employers.		4	Since 2013 the LGPS regulations generally require all admission bodies to enter into an indemnity or bond to cover the possibility of an employer becoming insolvent or prematurely leaving the Fund. This would mean the Fund and the remaining employers would have to meet the outgoing employer's liabilities in the Fund. The actuary assesses the value of these risks to the Fund and sets the value for a bond, generally for a three-year period. It is generally a requirement of the City of London for all new admission agreements to have a bond and the responsibility of the admission body to arrange and regularly reassess the bond.		4	31-Mar-2024	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 006a	Bond indemnity/guarantee required for admitted bodies and incorporated into admission agreements where appropriate.	Recent admissions to the scheme have provided a bond.	Graham Newman	11-Aug-2023	31-Mar-2024

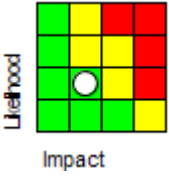
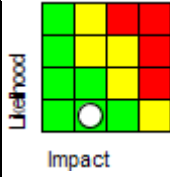
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CHB Pensions 007 Cyber Security 17-Dec-2019 Kate Limna	Cause: IT system failures due to ineffective procedures, or Inadequately trained staff. Event: Breach of Corporate IT systems and Cyber security. Effect: Inaccurate benefits paid or delayed to scheme members. Financial penalties/ sanctions. Breach of Data Protection regulations. Loss/corruption of data		4	A malicious breach of Corporate IT systems may lead to a failure of the pensions administration system and/or a breach of Data Protection regulations. A failure of the pensions administration system or a breach of the Data Protection Regulations may mean a failure or inability to calculate benefits accurately and on time which may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator or Information Commissioner's Office. 11 Aug 2023		4	31-Mar-2024	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 007a	Pensions administration staff to be aware of the corporate policy regarding cyber security and to follow the guidelines given.	Corporate online training regarding cyber-security to be carried out by all staff and reviewed as required.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 007b	Corporate and departmental specific software to be updated as required to ensure the latest and most secure version is being used.	To ensure the most up-to-date software is being used, staff should update their computers as and when prompted.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 007c	Ensuring that the pensions administration software is included in the departmental business continuity plans	Updating the business impact analysis details used in the departmental continuity plan as required.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 007d	Pensions administration staff to be aware of Data Protection legislation	Data Protection reviewed and all staff reminded of the legislation and its importance. Processes amended for home working, ensuring the protection of scheme member data.	Graham Newman	11-Aug-2023	31-Mar-2024

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 008a	Job descriptions used at recruitment to attract candidates with skills and experience related to LGPS administration. The appraisals process to monitor progress and assess training needs.	Ensuring that candidates with the necessary skills and abilities are employed by the City. Once in post, staff continue to receive relevant training and attend courses, seminars and conferences when appropriate. Have trained multiple team members for extra duties due to parental leave cover.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 008b	Pensions administrator staff are trained to use the pensions administration software.	Ensuring that administrators are fully trained to use the pension administration software to enable them to provide accurate and efficient calculations. In addition, administrators should know the correct process to report to the software provider any errors encountered with the system in order that they can be investigated and resolved.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 008c	Practical disaster recovery/succession plans in place to ensure continuity in the event that key staff leave or are unable to work for a prolonged period of time.	Ensuring that skill sets are not restricted to one staff member alone. Priority cases and work types are identified to ensure continuation in the event that staff or other resources become unavailable. Disaster Recovery reviewed in light of hybrid working	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 008e	Accurate and appropriate checking procedures in place at all areas of administration.	All checking procedures reviewed and where necessary amended due to take account of hybrid working.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions 008f	Scheme Member records are kept up to date, with any amendments being made as appropriate.	Ensuring that all administrative staff are aware of the amendments that must be made to a member record during the course of their scheme membership and that they are trained in how to make the necessary changes and updates.	Graham Newman	11-Aug-2023	31-Mar-2024

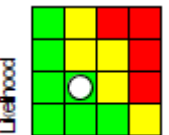

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CHB Pensions 011 Service provider failure 08-Mar-2018 Kate Limna	Cause: Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. Event: Failure of fund manager, investment consultant or other service provider without notice. Effect: Pension Fund asset valuations at risk or a period of time without service provision.	<p>Lifehood Impact</p>	4	Officers meet regularly with fund managers, investment consultants and other service providers. Officers write to all counterparties requesting latest internal control report from fund managers and custodian ahead of the closure of accounts. 11 Aug 2023	<p>Lifehood Impact</p>	4	31-Mar-2024	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 011a	Detailed due diligence is carried out when new fund managers, investment consultant or other service provider are appointed.	New manager due diligence undertaken in consultation with investment consultant. There are currently no plans to appoint any additional managers. The investment consultant contract was recently re-tendered via the National LGPS procurement framework. Following a rigorous and competitive exercise Mercer were appointed to the role in October 2021.	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024
CHB Pensions 011b	Review of internal control reports on annual basis.	Corporate Treasury compile an archive of the most up to date relevant annual internal control reports issued by all issuing fund managers and custodian as part of statement of account compilation across Funds. All internal control reports from the pooled fund managers have been received where available. Officers are in the process of reviewing the findings of the reports to ensure they remain satisfied with the control environments operated by the Corporation's appointed asset managers.	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024
CHB Pensions 011c	Monitor markets regularly through financial publications and seek advice of managers and investment consultant when appropriate.	Officers regularly monitor financial press and industry publications particularly in search of any news regarding entities that have an existing relationship across the Corporation's Funds.	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024

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CHB Pensions 012 Governance/Legislative Compliance 08-Mar-2018 Kate Limna	<p>Cause: Lack of understanding of the applicable statutory requirements such as investment regulations, prudential code etc. Inadequate oversight of the operations and developments at the regional pool operator, the London CIV.</p> <p>Event: Committee Members and officers do not have appropriate skills or knowledge to discharge their responsibilities including the calculation and payment off benefits. Regulatory breach. The Pension Fund's pooled assets are managed inappropriately.</p> <p>Effect: Inappropriate decisions are made leading to a financial impact or a breach of legislation or service not provided in line with best practice and legal requirements. Potential regulatory fines. The financial value of the Pension Fund's assets is impaired.</p>		4	<p>As the Committee has recently been established, Officers will produce a comprehensive training plan incorporating best practice to ensure committee members have access to acquiring the appropriate levels of knowledge and understanding.</p> <p>11 Aug 2023</p>		2	31-Mar-2024	Constant

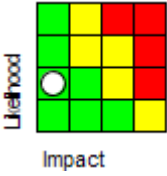
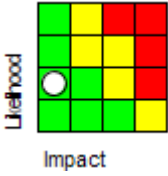
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CHB Pensions 012a	Training provided to Committee Members on a range of investment topics and asset classes on a needs basis. Continued Professional Development (CPD) records maintained and updated annually.	A review will be undertaken of the skills set of the Members of the new Pension Committee. All Members of the Committee will be expected to complete the Pension Regulator's Public Services Toolkit within 12 months of joining the Committee.	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024
CHB Pensions 012b	Job descriptions used at recruitment to attract candidates with skills and experience related to investment finance. The Corporation maintains membership of CIPFA's Pension Network, the LAPFF, LPFA and PLSA – all providing access to training opportunities via courses, seminars and conferences.	Officers continue to attend training courses, seminars forums, webinars, user groups and conferences were deemed appropriate to enhance understanding of markets, financial instruments, regulatory and statutory reporting issues and administration. The team has successfully recruited to a number of posts following a redesign of the team structure.	Caroline Al-Beyerty; Kate Limna	11-Aug-2023	31-Mar-2024
CHB Pensions 012c	Training plans in place for all staff as part of the performance appraisal arrangements, which are reviewed every six months.	Performance and development appraisals continue to be carried out in line with corporate policy.	Caroline Al-Beyerty; Kate Limna	11-Aug-2023	31-Mar-2024

CHB Pensions 012d	External professional advice sought where required.	The investment consultant attends each meeting of the Pensions Committee providing advice on investment matters.	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024
CHB Pensions 012e	The Committee maintains regular oversight of the London CIV.	The Chair of the Pension's Committee is the City's representative on the London CIV (with the Deputy chair acting as the alternate representative). The Chair is expected to attend 2 general meetings a year and also sits on the Shareholder Committee (4 meetings a year)	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 013 Responsible investment duties 20-Jun-2019 Kate Limna	<p>Cause: Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments.</p> <p>Event: The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood.</p> <p>Effect: The Corporation suffers reputational or financial damage.</p>	 Likelihood Impact	4	<p>The newly formed Pension Committee inherits an advanced approach to responsible investment and asset stewardship. The Corporation (via the Financial Investment Board) has formally recognised its asset stewardship role and the need to manage ESG risks through its Responsible Investment Policy which also outlines the Corporation's approach in this area. The City of London Corporation (as a whole) is a signatory to the Principles for Responsible Investment.</p> <p>The Financial Investment Board undertook an in depth review of its climate risk exposure in 2021 resulting in a commitment to achieve net zero carbon emissions by 2040 together with the development of interim goals via a transition pathway.</p> <p>11 Aug 2023</p>	 Likelihood Impact	4	31-Mar-2024	Constant

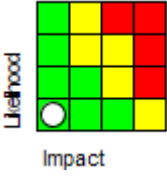
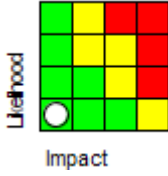

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 013a	Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Committee (along with other relevant Committees/Boards) will receive an annual Transparency Report from the PRI from which it can evaluate progress	The Corporation's assessment report was reported to this Committee in November 2022. The new PRI framework is due to be <u>was</u> released on 26 January 2023 <u>and the next submission is due 6 September 2023.</u>	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024

	against responsible investment goals.				
CHB Pensions 013b	As part of the regular management and monitoring of investment mandates, the Pensions Committee and responsible officers challenge investment managers on ESG issues arising in the portfolio. The Investment Consultant will report to the Committee on its monitoring of ESG risks on a quarterly basis.	The Committee will receive regular updates on ESG standings amongst its appointed investment managers from the Investment Consultant on a quarterly basis. As part of the City's Climate Action Strategy, new climate risk expectations for existing and potential investment managers have been established and these form part of the regular ongoing monitoring of managers' performance.	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024
CHB Pensions 013c	There is a general commitment by the City Corporation to meeting the standards of the new 2020 UK Stewardship Code and needs to ensure compliance is developed. The Committee (reviews asset stewardship across its investment mandates on an annual basis and uses the exercise to encourage better ESG outcomes amongst its existing managers (this will need to be done in conjunction with other committees which now have investment oversight responsibilities).	Officers anticipate that the Corporation as an organisation will prepare its first Annual Stewardship Report for assessment by the Financial Reporting Council in 2022/23. All of the Pension Fund's UK-based pooled fund managers (i.e. excluding the alternative assets portfolio) are signatories to the Stewardship Code.	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024
CHB Pensions 013d	The Committee (along with other relevant Boards/Committees) has been assigned several key actions which will enable the Corporation to deliver its Climate Action Strategy. Key to this is achieving a clear plan on how to achieve Paris-alignment by 2040.	With the support of a specialist external consultancy firm, an in depth review of the climate risk exposure involving the use of scenario analysis, the development of a transition pathway consistent with a net zero by 2040 commitment, and the establishment of expectations for existing and potential mandates has been completed. The transition pathway itself involves a series of specific actions with various deadlines which the Committee (along with other relevant Boards and Committees) will target over the coming years.	Kate Limna; Sarah Port	11-Aug-2023	31-Mar-2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 005 Fraud 17-Dec-2019 Kate Limna	<p>Cause: (i) Not notified of death. (ii) Staff acting inappropriately (iii) Pension transfer scams</p> <p>Event: (i) Fraudulent claim of pension benefits (ii) pension benefits transferred to an inappropriate / unauthorised body.</p> <p>Effect: (i) Continued payment of pensions following death. (ii) Overpaid pensions. (iii) Financial loss for the Fund (iv) Financial loss for the scheme member (v) Financial penalties / sanctions (vi) Reputational damage</p>		2	<p>If the death of a LGPS beneficiary is not reported, their pension may continue to be paid when there is no longer an entitlement.</p> <p>This may be a deliberate failure to report the death or may be where there is no fraudulent intention, but in either case it will lead to benefit overpayment and a potential financial loss.</p> <p>Scammers design attractive offers to persuade members to transfer their pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments or simply stolen outright.</p> <p>11 Aug 2023</p>		2	31-Mar-2024	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 005a	Robust fraud protection/detection processes	Use of Mortality Screening Service and Tell Us Once Service [Government initiative that allows us to be notified of a death when registered]. Participation in the National Fraud Initiative. Annually sending Life Certificates to Overseas Pensioners.	Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions	Ensuring all members that are considering transferring	All correspondence sent to scheme members considering a transfer-out of the scheme must	Graham	11-Aug-	31-Mar-

005b	their benefits out of the scheme are made aware of the potential for transfer scams.	contain warnings in respect of transfer scams. In addition, website links to appropriate bodies such as the Money Helpline and the Pensions Regulator are included as well as any advisory literature provided by these and similar bodies.	Newman	2023	2024
CHB Pensions 005c	Ensuring all staff are aware of the guidance / instructions provided by the LGA and the Pensions Regulator in respect of transfers-out of the scheme.	All staff dealing with transfers should be proficient with the guidance / instructions that have been provided in respect of transfers-out of the scheme. This will help to spot a transfer scam and/or prevent a payment being made if there is any uncertainty about the receiving scheme.	Graham Newman	11-Aug- 2023	31-Mar- 2024
CHB Pensions 005d	Robust identity verification processes	Controls in place to verify and ensure the legitimacy of any signed discharge form. This must also include timeframes in respect of how long a letter of authority from a scheme member is valid.	Graham Newman	11-Aug- 2023	31-Mar- 2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 002 Actuarial valuation 17-Dec-2019 Kate Limna	Cause: Inappropriate assumptions used by the Actuary/ Inaccurate data supplied to the Actuary for the triennial valuation. Event: Unsuitable triennial actuarial valuation. Effects: Employer contribution rates insufficient to maintain long term cost efficiency & solvency.		1	The latest full actuarial valuation of the Pension Fund, using member data and investment asset information as at 31 March 2019 <u>31 March 2022</u> , has been completed. Using updated financial and demographic assumptions, the actuary has been able to generate an accurate picture of the Pension Fund's funding position (assets compared to liabilities) which has been used to establish appropriate employer contribution rates for use from 1 April 2020 <u>1 April 2023</u> . The 2022 initial actuarial valuation results were presented to the November Pensions Committee and is currently being finalised. Once completed, it will set the employers rates from 1 April 2023. 11 Aug 2023		1	31-Mar-2024	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 002a	Regular meetings with the Actuary to ensure that assumptions are appropriate involving Officers and Members of the Pensions Committee.	At Pensions Committee on 11 July 2022, a working group was set up to discuss the preliminary triennial valuation results and the robustness of the financial and demographic assumptions used in the valuation process. This working group met on 14 November 2022 and the draft triennial valuation results were reported to the Pensions Committee on 29 November 2022. <u>The final triennial valuation results were reported to Committee on 8 February 2023 and the Actuary signed the final valuation certificates on 31 March 2023.</u>	Kate Limna; Graham Newman	11-Aug-2023	31-Mar-2024
CHB Pensions	Robust Year End procedures and updates	The Pension Fund Accounts for the year ending 31 March 2021 have been published in draft	Kate	11-Aug-	31-Mar-

002b		<p>form, formal sign off has been delayed until the City Fund audit is completed. Whilst the City Fund accounts have been completed, a wider issue has arisen within local government around accounting for infrastructure assets; this has meant that any local authority accounts that were not signed off prior to this issue being raised cannot be finalised until the issue is resolved. A formal resolution in consultation with CIPFA has recently been agreed and guidance is being issued. The draft Annual Report for 2020/21 was published on the City's LGPS website by the statutory date of 1 December 2021.</p> <p>The Pension Fund Accounts for the year ending 31 March 2022 are currently awaiting publication in draft format within the City Fund Accounts. The City Fund accounts have been completed but have been delayed by the 2020/21 accounting for infrastructure assets issue. A formal resolution has recently been agreed and guidance is being issued. The draft Pension Fund Annual Report for 2021/22 was uploaded onto the City of London Pensions website by 1 December 2022.</p> <p><u>The Pension Fund Statement of Accounts for the year ending 31 March 2023 were published in draft format within the City Fund Accounts on the 12 July 2023. The Pension Fund Financial Statements along with the City Fund Accounts (of which they form part) for 2020/21 and 2021/22 have not yet been signed off due to delays around the accounting treatment for infrastructure assets (which has now been resolved) and systemic challenges within the local authority audit framework where resourcing pressures have impacted the delivery of audits across all reporting local bodies in England. There has also been a change in auditor, with BDO LLP being the external auditors for 2020/21 and Grant Thornton LLP being the external auditors for 2021/22 onwards. Grant Thornton LLP cannot sign off the 2021/22 accounts until BDO LLP have signed off the 2020/21 accounts.</u> The delays are beyond Pension Fund control and have no material impact on the Fund's position.</p> <p><u>The 2022/23 Pensions Fund audit is currently underway.</u></p>	Limna; Graham Newman	2023	2024
CHB Pensions 002c	Checking for errors or inconsistencies in valuation extract report before submission to the Actuary	Officers review data quality prior to submission to the actuary. Additionally, scheme member data is submitted separately from employer level cash flow data, which are held on two distinct management information systems. As a result, errors are more easily identified during the valuation process itself. For example, if the scheme member data demonstrates that a given number of scheme members belonging to a single employer retired during the valuation period then this should also be evident from the benefit payments reported in the cash flow data.	Kate Limna; Graham Newman	11-Aug- 2023	31-Mar- 2024