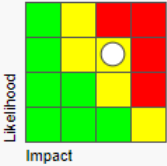
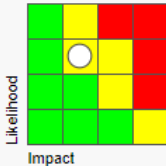


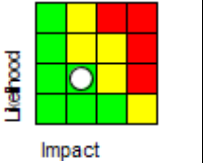
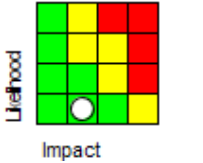

Investment Committee – Overarching Investment Portfolio Risk Register (for City Fund and City’s Estate)



TOP LEVEL

Risk Code, Title and Ownership	Description (Cause, Event, Impact)	Current Risk Rating & Score	High level mitigating action	Target Risk Rating & Score
<p>IC 01 Investment performance: Strategy risk</p> <p>3-May-2024 C Al-Beyerty</p>	<p>Cause: Inappropriate split of assets between property and financial assets and/or inappropriate asset allocation within the underlying property and financial portfolios</p> <p>Event: Poor assessment of market conditions and outlook for returns – failure to react to changes in market conditions leading to lower than expected returns/income, decline in capital or insufficient liquidity</p> <p>Effect: Failure to meet return targets and spending commitments – significant decline in capital – shortfall in income – inadequate liquidity – forced sales of assets at an inopportune moment in order to fund distribution requirements</p>		<p>6</p> <p>Top level and underlying portfolio Strategic Asset Allocation (SAA) reviewed formally every three years by the IC with annual updates with specialist advice provided by investment consultants</p> <p>Performance monitored on a regular basis against targets to highlight any shortfall and potential action needed</p> <p>Positions monitored on a regular basis to ensure that they remain appropriate in light of changing market conditions with specialist advice provided by investment consultants</p>	

Risk Code, Title and Ownership	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	High level mitigating action	Target Risk Rating & Score
<p>IC 02 External Economic risk</p> <p>3-May-2024 C Al-Beyerty</p>	<p>Cause: Adverse global economic developments or unexpected geopolitical crisis (e.g. Covid, Russian invasion of Ukraine, etc.)</p> <p>Event: Sharp rise in energy prices and inflation, collapse in sterling and/or downturn in property and financial markets leading to a reduction in purchasing power, decline in investment values and/or erosion of reserves</p> <p>Effect: Failure to meet real return objectives and maintain the purchasing power of distributions – failure to match rising demands from the operational activities supported by the portfolio – reputational and organisational risk if budgets need to be cut as a result – balance sheet problems potentially created if the downturn in asset prices is sustained (e.g. inability to set up sinking fund for debt repayment)</p>	 <p style="text-align: center;">12</p>	<p>Continuous monitoring of external developments across markets</p> <p>Appointment of external managers for the financial portfolio with discretion to take appropriate action in the event adverse economic developments or a geopolitical crisis – advice also provided by external investment consultants</p>	 <p style="text-align: center;">6</p>

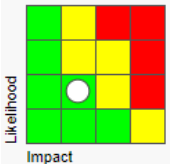
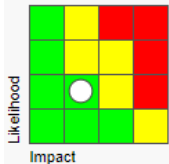
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
IC 03 Governance/ Compliance risk (Previously CHB FIB 06) 08-Mar-2018 Kate Limna; Priya Nair	Cause: Inadequate understanding of regulations and investment practices among Members, officers and other staff involved in the investment portfolio etc. Event: Committee Members and officers do not have appropriate skills or knowledge to discharge their responsibilities. Regulatory breach. 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.		4	Regular training of Members, officers and staff involved in the investment portfolio Appointment of external consultants to provide advice on asset allocation, manager selection and regulation		2	31-Mar-2024	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FIB 06a	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.	Training delivered to Members of the Board has included treasury management in February 2019 via the treasury consultant; investment strategy training in June 2020 from the Investment Consultant in relation to the Pension Fund Investment Strategy review; sustainable investment implementation from FTSE Russell in September 2020; and climate risk training from various sessions led by Aon and Carbon Tracker in Q2 2021. In November 2023, two Treasury Management training sessions were held for Members of the Investment Committee and Finance Committee. The first session provided an appreciation of what Treasury management involves, how it is undertaken, the roles of Members and Officers, and the risks in Treasury Management and how they should be managed. The second session covered developing the Treasury Management Strategy, including Prudential Indicators, cashflow forecasts, investment strategy, credit worthiness, counterparty list, ESG considerations, and a review of the investment portfolio and an economic outlook.	Kate Limna	26-Feb-2024	31-Mar-2024
CHB FIB 06b	Job descriptions used at recruitment to attract candidates with skills and experience related to investment finance. The Corporation maintains membership of CIPFA's	Officers continue to attend training courses, seminars and conferences where deemed appropriate to enhance understanding of markets, financial instruments, regulatory and statutory reporting issues.	Caroline Al-Beyerty;	26-Feb-2024	31-Mar-2024

	Pension Network, CIPFA's Treasury Management Network plus the LAPFF, LPFA and PLSA – all providing access to training opportunities via courses, seminars and conferences.		Kate Limna		
CHB FIB 06c	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	26-Feb-2024	31-Mar-2024
CHB FIB 06d	External professional advice sought where required.	The investment consultant attends each meeting of the Investment Committee providing advice on investment matters.	Kate Limna	26-Feb-2024	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
IC 04 Cash flow management (Previously CHB FIB 05) 08-Mar-2018 Kate Limna; Priya Nair	Cause: Inaccurate cash flow modelling for Corporation as a whole. Event: There is insufficient cash available to meet day to day obligations. The organisation is forced to liquidate long term investment assets without adequate planning or fails to identify external borrowing requirements. Effect: Overdrawn position incurs unnecessary expenditure and missed payments damage the Corporation's reputation. Inefficient treasury management decisions increase costs.		8	Officers continue to maintain a cash flow model projecting the Corporation's cash flow requirements for the forthcoming year on an on-going basis. Cash flow is regularly monitored, and short-term cash balances are invested over appropriate time horizons. 26 Feb 2024		4	31-Mar-2024	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FIB 05a	Combined cashflow daily forecast maintained to project inflows and outflows over the year forward to ensure a sufficient level of on-going liquidity. Cashflow requirement is the fundamental consideration when agreeing duration of fixed term deposits or placing capital in money market funds.	Cash flow model maintained and updated on a daily basis, incorporating known flows and estimating payments and income of uncertain timing based on historic cash flow profiles and estimations for the timing and value of future payments and receipts.	Kate Limna	26-Feb-2024	31-Mar-2024
CHB FIB 05d	A balance sheet review exercise enables the Corporation to further understand the likely timing of any future need to liquidate long term investment assets or external borrowing requirement.	Officers have developed a medium-term cash flow forecast based on City Fund and City's Cash projected balance sheet. This forecast will be updated in line with the evolution of the medium-term financial plan and will be being reviewed in tandem with the production of the draft statement of accounts for 2023/24.		26-Feb-2024	30-Jun-2024

Risk Code, Title and Ownership	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		High level mitigating action	Target Risk Rating & Score	
<p>IC 05 Sustainability and impact</p> <p>3-May-2024 C Al-Beyerty</p>	<p>Cause: Insufficient attention is paid to the City’s sustainability goals and Climate Action Strategy in managing the investment portfolio</p> <p>Event: Negative news stories create an adverse public perception of the City’ approach to sustainable investment, reputational damage and potential loss of trust in the City’s financial stewardship</p> <p>Effect: The investment portfolio does not meet its sustainability goals and the targets set in the Climate Action Strategy – investment decisions based on financial factors without due consideration of their impact on sustainability could also create reputational risk and public relations efforts to repair the City’s reputation would incur unnecessary costs – the lack of a clear impact measurement framework does not allow for an accurate assessment of performance and could delay achieving the sustainability goals</p>		4	<p>Regular monitoring and reporting of the portfolio against sustainability and climate change targets enabling the Investment Committee to challenge officers and staff on progress</p> <p>Selection of external managers who are able to manage their portfolios in line with the City’s sustainable and climate action objectives – changing external managers when necessary</p> <p>Setting clear sustainability objectives for the internal property team and assessing their recommendations in light of those objectives</p>		4