Risk Register with Controls Reference Order

Investment Risk			***Portfolio***	**Uncontrolled**	**Current**	**Controls and Actions**		
Risk Ref	**Risk Identified**	**Potential Consequence**	**Assigned To**			**Control or Action**	**Status**	**Review Date**
INVEST0001	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term. **Latest Review**: 09/10/2025 Process continues and performance regularly reviewed	Increased employer contribution rates.	*Cllr David Thomas* Chris Hurst	9	4	• **anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance.** Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Also monitors and analyses progress every three years for each employer. In addition, the Fund receives quarterly funding updates to help monitor the position. At the 2022 Valuation, prudence was increased further by a reduction to the deficit recovery period and an increase in the probability of funding success.	Control In Place	
INVEST0002	Inappropriate long-term investment strategy. **Latest Review**: 02/04/2026 Investment Strategy Reviewed in March 2026.	Failure to meet funding objectives.	*Cllr David Thomas* Chris Hurst	8	4	• **Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.** Use of a Fund specific benchmark, as recommended by the Fund's investment consultant. Strategy regularly reviewed and adjusted following the outcome of valuations.	Control In Place	
INVEST0003	Active investment manager under-performance relative to the benchmark. This includes active management within the Wales Pension Partnership. **Latest Review**: 09/10/2025 No change to process and ongoing	Failure to meet funding objectives.	*Cllr David Thomas* Chris Hurst	4	2	• **Regular investment monitoring analyses market performance and active managers relative to their index benchmark.** Regular investment monitoring analyses performance of active managers relative to their index benchmark at the Pool level and locally with the Pensions and Investment Committee. Regular Performance Updates presented by the WPP to officers where Managers present and detail latest performance. Regular reports to the WPP Joint Governance Committee and also local Pensions and Investment Committee.	Control In Place	

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INVEST0004	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements. **Latest Review**: 09/10/2025 Ongoing. being considered for 2025 Valuation	Increased employer deficit recovery payments.	*Cllr David Thomas* Chris Hurst	4	2	• **Consider every such situation with the Pension Fund actuary, for each individual employer.** It is the practice to discuss every such situation with the Pension Fund actuary, for each individual employer. Moreover deficit recovery periods are generally restricted to no more than 25 years, or 40 years in very exceptional circumstances. At the 2022 Valuation the recovery period was reduced at the whole of Fund level to increase prudence and reduce the risk.	Control In Place	
INVEST0005	Permitting contribution rate changes to be introduced by annual steps (down as well as up) rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements. **Latest Review**: 27/04/2026 Considered as part of the valuation exercise. No change at this time	Instability in employer contribution rates.	*Cllr David Thomas* Chris Hurst	6	4	• **Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted as appropriate** Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances.	Control In Place	
INVEST0006	Pay and price inflation significantly more than anticipated. **Latest Review**: 09/10/2025 Actual experience being considered by Fund actuary for 2025 Valuation	Increased employer contribution rates and deficit recovery payments.	*Cllr David Thomas* Chris Hurst	9	4	• **Employers responsible for salary awards and are reminded of effect on salary-linked pension liabilities** Employers 'pay' for their own salary awards and are reminded of the geared effect on salary-linked pension liabilities. Particularly where bias towards longer serving employees may be considered. Actuary is able to consider inflation within their methodology when in a high inflation environment (such as during the 2022 valuation)	Action Completed	
INVEST0007	Insolvency of an investment manager investing Pension Fund assets. **Latest Review**: 09/01/2026 No updates or change in approach.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	*Cllr David Thomas* Chris Hurst	9	6			

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						• **diversification of investment managers, limits for individual investments mandates** Diversification of investment managers; adherence to the limits for individual investment mandates as set out in the LGPS investment regulations; regular meetings with investment managers undertaken by the Fund's investment consultant; Statement on Standards for Attestation Engagements No. 16 internal controls are monitored on an annual basis; due diligence by investment consultants to ensure that custodians are used by each investment manager; equity investment mandates are invested in pooled funds; and, only well respected and researched investment managers are selected in the first place. Managers closely monitored at the Pool Level. Any issues would be fast tracked in line with the process in place at the WPP.	Control In Place	
						• **Increased investment manager diversification facilitated via the Wales Pension Partnership** Increased investment manager diversification facilitated via the Wales Pension Partnership.	Control In Place	
INVEST0008	Pooling of Pension Fund assets with other LGPS Pension Funds, including any changes to legislation related to pooling of assets. This risk includes any changes to operational activities as result of implementing new processes and procedures. **Latest Review**: 08/06/2026 Risk reviewed at the Pension Board meeting on 20th May 2026 and wording updated to capture any changes made to operational activities between the Fund and the IM Co.	Investment of Fund Officer and Committee time. Front loaded costs before potential savings are realised on a per-sub fund basis. Transition Risk and costs. Potential loss of ownership and involvement if Pool membership is large.	*Cllr David Thomas* Chris Hurst	9	6	• **Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of Pension Fund** Due diligence on all pooling proposals by Pool oversight Adviser, Investment Consultants and Legal Advisers; full transparency of all pool proposals and costs with local input from each of the investing funds advisers; full participation of the Pension Fund in all pooling development. Regular Officer meetings via working groups; Quarterly Joint Governance Committee meetings; 6 monthly meetings with the Board Chairs to ensure good governance. Regular Training provided to Committee and Board Members by the Pool.	Control In Place	
						• **Pooling vehicle to be structured so that each participating Fund has full representation the pool** Each participating Fund has full representation in the pool at officer and Committee level; the pool structure enables full strategic decisions to be retained by each individual Fund;	Control In Place	

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INVEST0012	The Fund fails to adequately account for climate change, climate (including physical) risk and Environmental, Social and Governance (ESG) factors. These include geo-political risks and those associated with investments held in areas of conflict. **Latest Review**: 09/01/2026 The Fund has worked with advisors and the LGPS on this throughout 2025. A new Responsible Investment policy was approved in September 2025 which incorporates areas of conflict.	Financial loss to assets held within the Fund and potential for stranded assets. Failure to achieve desired investment returns leading to a fall in funding level and increased Employer contribution rates. Environmental and ecological impact on scheme members.	*Cllr David Thomas* Chris Hurst	8	6	• **Mitigations** • Development of suitable Climate Change, Climate Risk and ESG reporting metrics via the WPP • Appointment of a proxy voting and engagement provider, who engages with managers and companies on how they manage Climate Change, Climate Risk and ESG factors at the WPP • Publication of a local Responsible Investment policy and Climate Risk Policy (WPP) • Constant engagement and challenging of Managers on how they account for Climate Risk/ Change and ESG factors • Annual Climate Change, Climate Risk or ESG related training event on the WPP Training Plan • Quarterly climate risk reporting via the WPP • Annual stewardship code reporting at the WPP • Regular training provided	Control In Place	