

### HERMES GROUP PENSION SCHEME - RISK REGISTER - HEAT MAP

No.	Risk
1	Sponsor covenant
2	Investment strategy inappropriate and/or not well suited to covenant or liabilities
3	Concentration risk – a large proportion of assets are with LGIM, and leveraged
4	Assets fail to deliver in line with investment strategy
5	Counterparty failure / failure of 3rd party fund manager
6	Liabilities not accurately measured or tracked
7	Regulatory/legal compliance and Trustee lacks knowledge of developments or acts inappropriately
8	Significant disaster threatening business continuity
9	Data Protection
10	Fraud
11	Poor service from professional advisers (legal, investment consultants, actuarial)
12	Outsourcing – service providers fail to deliver to expected standards
13	Data/Calculation error risk

IMPACT				
Critical >£20m				
Significant £4-20m	1, 2, 3, 5	4, 11, 13		
Important £500k-£4m	6, 7, 8, 9, 10	12		
Low <£500k				
	Remote <5%	Possible 5%-35%	Likely 35%-70%	Very likely >70%
	<b>LIKELIHOOD</b>			