

RISK MANAGEMENT POLICY

**Approved by: Pension Trustees at their meeting held on 6th July,
2021**

Date due for Review: 6th July, 2024

Introduction:

Risk management is a key responsibility and function of the Trustees. The objective is to identify the risks that the Scheme and the members face, to evaluate the likelihood of them occurring and their impact. The Trustees have put in place measures to mitigate and monitor the identified risks which are detailed below.

The Trustees have established a risk management register which has identified:

- a. The likely / possible risk together with;
- b. The likely impact on the Scheme and its members in the event that the risk materialises;
- c. Applied a scoring system 1 – 5.

The Trustees have established a series of controls to manage and mitigate the risks using a range of sources/reports. The Trustees will review and update the Risk Register on an ongoing basis and carry out a full review on an annual basis. To comply with IORP II Regulations, the Trustees will establish a Risk Management Function and ensure that the person appointed to the role will be of good repute and integrity and will have the necessary experience and knowledge to carry out their functions. The “Risk Manager” will assist the Trustees in developing a forward looking, risk-based strategy, in the preparation of an Own Risk Assessment (ORA) and will report to the Trustees on a quarterly basis.

Identification of Risks:

There are a range of risks that have been identified by the Trustees and steps taken to control, mitigate and monitor their possible impact.

Governance:

A key risk is that the Trustees do not discharge their responsibilities. This risk is controlled by holding regular trustee meetings; the appointment of an independent Professional Trustee; developing a Governance Calendar which is reviewed at each Trustees’ meeting; implementing an annual Trustee Training Programme; and seeking advice when appropriate.

IORP II:

The IORP II Regulations impose a significant increased governance requirement on the Scheme Trustees. To ensure compliance with the Regulations, the Trustees have implemented a Gap Analysis, comparing the current governance structure with what the Regulations require. This includes reviewing existing policy documents and procedures, and drafting new policies as required. Further action will be taken when the final Codes of Practice are published.

Operational / Compliance:

Operational risks include poor administration resulting in failure to meet agreed and compliance deadlines. This is controlled by a Service Level Agreement with the appointed RA and monitored by obtaining monthly reports detailing adherence to agreed deadlines and regular engagement with the RA.

Controls in place to ensure compliance with Pensions Act Regulations include:

- a) A robust Service Level Agreement with monthly reports detailing adherence to the agreed timescales.
- b) Obtaining written confirmation from the RA that benefit statements have been issued directly to member's home address on time.
- c) Participating Employers are asked to furnish confirmation that members have been notified of the availability of the Trustee Annual Report and the Pension Scheme Manager in turn confirms this to the Trustees.
- d) Members are also advised of the availability of the Trustee Annual Report when they receive their Annual Benefit Statement.
- e) The Pension Scheme Manager confirms to the Trustees that a copy of the Trustee Annual Report has been sent to the relevant Trade Unions.
- f) A Governance Calendar sets out the various tasks that need to be dealt with throughout a Scheme year.

Remittance of Contributions:

There is a risk that contributions will not be remitted on time and in exceptional circumstances may not be remitted by some of the participating employers. To ensure that contributions are paid on time the following controls have been put in place:

1. Each participating employer has been briefed on the need for the correct deductions to be made from employee's salaries and for these, together with the corresponding employer pension contributions, to be remitted to New Ireland and Cornmarket / Zurich in a timely fashion. The procedures are set out in the Pension Scheme Administration Manual.
2. The timely remittance of pension contributions is monitored by New Ireland on behalf of the Trustees.
3. It has been agreed with New Ireland that monthly status reports are sent to the Pension Scheme Manager on the 12th of each month and regularly thereafter to ensure that pension contributions and schedule details, outlining pension contributions breakdown, have been submitted by their due date - This will ensure that the Trustees are kept fully informed regarding any contributions that may miss the 21-day deadline.
4. If contributions remain outstanding on the 18th of the relevant month the Pension Scheme Manager will intervene directly with the employer to ensure that contributions are paid before the 21st.
5. If any payments are missed or late, the Trustees will take steps to bring payments up to date as a matter of urgency.
6. If there is a serious delay in contributions being remitted, then the Trustees will report these payment failures to the Pension Authority, no later than 3 months after the first instance of non-remittance.
7. Where there is a material delay in payment, the Trustees will also inform the affected members and seek compensation from the affected employer if members have suffered any investment loss.

Financial:

Financial risks are controlled in a number of ways. There is a full independent audit of the Scheme on an annual basis and this control will be further strengthened by the establishment of an Internal Audit function as required by IORP II. Pension contributions are paid directly from the participating employers to the Registered Administrator, and benefit payments, apart from death claims, are discharged by the RA. An Internal Financial Controls Policy has been put in place, which provides assurance that the Pension Scheme's assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or can be detected in a timely manner if they occur.

Investment:

The risk of poor investment returns are monitored by obtaining:

- quarterly reports on the performance of funds versus agreed benchmarks.
- a formal review of fund performance on an annual basis.

The suitability of the range of funds offered to members including the default fund is reviewed every three / five years' and an independent investment consultant will be engaged if deemed appropriate.

A Statement of Investment Policy Principles (SIPP) has been drawn up which sets out the Trustees approach to the investment of the Scheme's assets and which takes ESG factors into consideration. The SIPP is reviewed every three years or more frequently if required.

Further details are contained in the Investment Policy which has been prepared by the Trustees.

Conflicts of Interest:

A separate Conflicts of Interest Policy has been prepared and a Conflicts of Interest Register is maintained and updated as required. Declarations of any new conflicts is a standing agenda item for all trustee meetings.

Legal:

There is a risk that new legislation and / or regulations are missed by the Trustees. The controls in place to ensure this doesn't occur include the item of Legislation / Regulatory Updates being a standing agenda item to be included in the Registered Administrator's presentation at each Trustees' meeting.

The Scheme is a member of the Irish Association of Pension Funds (IAPF) and receives regular updates on pension matters. The Independent Professional Trustee also attends a wide range of seminars to keep abreast of changes in legislation and new regulations and briefs the other Scheme Trustees accordingly.

Value for Money:

The Trustees recognise that value for money must be secured for the members, while taking account of the services provided to the members and the Trustees. A RFP for administration, investment and consultancy services is scheduled for mid-2021 and the new agreement will be reviewed every 3 - 5 years thereafter.

The unit rate for the Life Assurance Scheme is reviewed every 3 - 4 years to ensure the most competitive price is obtained - the next review is due in 2023.

The normal practice is for three quotations to be sought for any professional services required, however, where the expected cumulative value of the contract is in excess of €25,000, but lower than the €221,000 threshold for a full European Tender, a National Tender via E-Tenders is required.

Further detail of the Trustees remuneration policy is found in a separate document.

Procurement:

Where an RFP is being undertaken there is a risk that the Trustees may not adequately follow the e-tenders prescribed guidelines and as a result may be subject to a challenge in the courts. To minimise this risk, the Trustees will engage with procurement consultants to provide guidance and advice to the Trustees.

GDPR:

Compliance with GDPR is an important aspect of the operation of the Scheme and to mitigate the risks of a breach, Trustees receive regular training and updates. In addition, procedures are in place for sensitive data to be password protected prior to sending to the RA or other third parties.

Anti-Money Laundering (AML):

Although pension schemes are considered low risk from a money laundering perspective, the Trustees have procedures in place to minimise the risk. This work has been delegated to the RA who carry out AML screening on employers and members. Additional screening is applied to any single premium payments. James Skehan has been authorised by the Department of Justice & Equality in relation to AML (*Reference TCSP APP/1273/2020*).

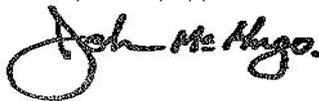
While the payment of retirement benefits has been delegated to the RA, the Trustees process death in service claims. The Trustees carry out a full review of all possible beneficiaries before deciding to whom the benefit will be paid and will obtain proof of ID and address before any benefit is paid.

Member Outcomes:

There is a risk that member outcomes will be below expectations and / or will not enable members to have a reasonable level of income in retirement. This can be due to lack of engagement with / by members, low overall contribution levels and / or poor investment returns.

These risks are minimised by supporting a robust engagement policy by the nominated pension consultants; promoting the payment of AVCs; regular communication with members through newsletters, nudge letters and information being made available on www.fedvol.ie website etc.

The choice of funds is regularly reviewed and procedures are in place to ensure, as far as possible, that members are in suitable funds, particularly as they approach retirement.



Signed:

Date: 6th July, 2021

John McHugo,
Chairman.



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PENSION TRUSTEES: Mr. John McHugo, (Chairman);
Ms. Pauline Brennan; Mr. Francis Coughlan; Ms. Deirdre Herlihy; Mr. James Skehan (Professional Trustee).