

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Wednesday, 13 March 2024

PRESENT (In Person): Councillor Palmer (Chair)

Councillors (In Person):

S. Churchman, M. Lewis, P. Lewis, M. Norris, C. Weaver, E. Williams, and N. Yeowell

O. Richards – Scheme Member Representative (Co-opted non-voting member) (Virtual)

The following officers were in attendance (In Person):

C. Moore – Joint Committee Section 151 Officer (CCC)

L. Rees-Jones – Joint Committee Monitoring Officer (CCC) (Virtual)

C. Lee – Corporate Director of Resources (CoC)

J. Dong – Deputy S151 Officer/ Chief Finance Officer (C&CS)

J. Thomas - S151 Officer (PCC)

D. Morgan – Head of Finance (GCC)

P. Griffiths – Director Finance and Improvement (RCT)

D. Fielder – Deputy Head of Clwyd Pension Fund (FCC)

A. Bull – Head of Pensions (TCC)

A. Parnell – Treasury & Pensions Investment Manager (CCC)

T. Williams – Senior Financial Services Officer (CCC)

K. Evans – Assistant Democratic Services Officer (CCC) [Note Taker]

E. Williams – Simultaneous Translator (PCC)

The following officers were in attendance (Virtual):

C. Flynn – Deputy Head of Finance-Strategic Finance (PCC)

P. Latham – Head of Clwyd Pension Fund (FCC)

M. Falconer – Pension Manager (CoC)

Also in attendance to present reports (In Person) :

A. Johnston – Hymans Robertson

R. Barrack – Hymans Robertson

K. Midl – Waystone Management

J. Zealander – Waystone Management

R. Thornton – Waystone Management

A. Knell – Robeco

K. Robertson – Robeco

J. Brown– Russell Investments

A. Quinn – Russell Investments

F. Fox-Andrews - GCM Grosvenor

R. Parekh – GCM Grosvenor

Also in attendance to present reports (Virtual) :

D. Armstrong – Northern Trust (item 16 only)

L. Bailey – Northern Trust (item 16 only)



Also present as observers (In Person) :

- D. Jones-Thomas – Investment Manager (GCC)
- K. Cobb – Senior Accountant (C&CS)
- I. Hughes – Investment Officer of Clwyd Pension Fund (FCC)
- Y. Keitch – Principal Accountant (RCT)
- C. Hurst – Pension Fund Manager (PCC)

Also present as observers (virtual) :

- I. Guy – Scheme Member Representative (Reserve)

County Hall - Llandrindod Wells, Powys and remote - 2.01pm - 4.36 pm

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

Member	Agenda Item No.	Interest
Cllr. M. Lewis	All agenda items	He is a member of Swansea Pension Fund along with his wife.
Cllr. S. Churchman	All agenda items	He is a member of the Gwynedd Pension Fund
Cllr. P. Lewis	All agenda items	He is a member of the Powys Pension Fund
Cllr. N. Yeowell	All agenda items	Member of the Greater Gwent Pension Fund
Cllr. M. Norris	All agenda items	He is a member of the RCT Pension Fund
Cllr. T. Palmer	All agenda items	He, his partner and daughter are members of the Clwyd Pension Fund
Cllr. E. Williams	All agenda items	He is a member of the Dyfed Pension Fund
Cllr. C. Weaver	All agenda items	He is a member of the Cardiff & Vale Pension Fund

[Note: There is an exemption within the Code of Conduct for Members, which allows a member who has been appointed or nominated by their Authority to a relevant body to declare that interest but remain and participate in the meeting.]

3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 13 DECEMBER 2023



RESOLVED that the minutes of the Joint Governance Committee meeting held on 13th December, 2023, be signed as a correct record.

4. HOST AUTHORITY UPDATE

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a progress update in relation to the following key areas:

- Governance;
- Ongoing establishment;
- Operator services;
- ??????- Communications and reporting;
- ?- Training and meetings;
- ??????- Resources, budget and fees.

In response to a query, the Committee noted that there was an attendance record for JGC members for each training session provided.

UNANIMOUSLY RESOLVED that the Host Authority update be received.

5. WPP TRAINING PLAN - 2024/25

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Training Plan for 2024/25. The meeting was advised that the WPP's training plan is devised to supplement existing Constituent Authority training and will be relevant to the WPP's pooling activities. The training is primarily focussed on meeting the training needs of members of the OWG and JGC, however it may be extended to Pension Committee members, as well as Pension Board representatives, if relevant.

The 2024/2025 training sessions will be held quarterly and will cover the following topics:

- Product knowledge and Cyber Security
- Policies
- Responsible Investment
- Market Understanding & Regulatory Requirements

UNANIMOUSLY RESOLVED that the WPP training plan 2024/25 report be approved.



6. WPP BUSINESS PLAN 2024 - 2027

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Business Plan 2024-2027. The meeting was advised that the Business Plan has been drafted in accordance with Section 6 of the Inter Authority Agreement. Following approval by the Joint Committee, the Business Plan would be sent to all Constituent Authorities for their written approval.

The JGC was advised that the purpose of the business plan was to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP over the next three years
- Introduce the WPP's policies and plans
- Outline the financial budget for the relevant Business Plan period
- Summarise the WPP's Investments & Performance Objectives

The plan will be constantly monitored and will be formally reviewed and agreed annually.

UNANIMOUSLY RESOLVED that the Business Plan be agreed and sent to all eight Constituent Authorities for written approval.

7. RISK REGISTER Q1 2024 REVIEW

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Risk Register Q1 2024 review. Members were advised that the purpose of the WPP Risk Register is to:

- Outline the WPP's key risks and factors that may limit its ability to meet its objectives
- Quantify the severity and probability of the risk facing the WPP
- Summarise the WPP's risk management strategies.
- Monitor the ongoing significance of these risks and the requirement for further risk mitigation strategies.

The Officers Working Group (OWG) has carried out a quarterly review of the register, looking at the first half of the Governance and Regulation section, risks G.1 to G.7. The Sub-Group also reviewed Risk G.12 and G.15.

Members were informed that the next review will take place in Q2 2024 and will focus on the remaining risks within the Governance & Regulation Risks section.



UNANIMOUSLY RESOLVED that the amendments to the WPP Risk Register, as detailed in the report, be approved.

8. ANNUAL POLICY REVIEWS

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received for consideration the updated Communication policy.

It was noted that the Communication Policy was formally approved by the JGC in December 2019 and was reviewed and updated in March 2021 and March 2022.

The Governance Matrix was also reviewed during this quarter. The matrix was originally approved by the JGC in December 2019 and is reviewed annually. It was noted that during this year's review, no changes had been made to the Governance Matrix.

It was noted that the Communication Policy would be updated on the WPP website.

UNANIMOUSLY RESOLVED that the Communication Policy, as detailed in the report, be approved.

9. OPERATOR UPDATE - Q4 2023 REVIEW

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a presentation provided by Waystone Management (UK) Limited, on the progress of the Wales Pension Partnership for Quarter 4, 2023, in relation to the following key areas:

- Market updates;
- Current fund holdings;
- Sub-funds update;
- Corporate update and engagement

The Joint Committee received updates on the following :-

- Market Update regarding the completed acquisition of Link Fund Solutions
- AUM summary as at 31 December 2023



- Fund changes in relation to the Global Credit fund, Global Growth Fund, UK Opportunities fund, Absolute Return Bond fund and Cash Yield Options.
- Market Updates in relation to Russia / Ukraine and the Middle East
- Corporate Update and engagement.

UNANIMOUSLY RESOLVED that the Operator Update be received.

10. PERFORMANCE REPORTS AS AT 31 DECEMBER 2023

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a presentation on the Performance Reports as at 31st December, 2023. Members were advised that the sub funds that had outperformed/underperformed their respective benchmarks, were as follows:

- Global Opportunities – outperformed by 1.1% gross / 0.8% net
- Global Growth – underperformed by 0.9% gross / 1.3% net
- Sustainable Active Equity – underperformed by 2.6% gross / 2.8% net
- Emerging Markets – underperformed by 0.3% gross / 0.8% net
- UK Opportunities – underperformed by 0.3% gross / 0.7% net
- Global Government Bond – outperformed by 1.3% gross / 1.0% net
- Global Credit – underperformed by 0.1% gross / 0.3% net

The Committee noted that the MAC and ARB funds, did not meet their targets and the Sterling Credit Fund exceeded its target.

RESOLVED that the Performance Reports of the following sub-funds as at 31st December 2023 be noted:

- 10.1 Global Opportunities Equity Fund**
- 10.2 Global Growth Equity Fund**
- 10.3 Sustainable Active Equity Fund**
- 10.4 Emerging Markets Equity Fund**
- 10.5 UK Opportunities Equity Fund**
- 10.6 Global Government Bond Fund**
- 10.7 Global Credit Fund**
- 10.8 Multi Asset Credit Fund**
- 10.9 Absolute Return Bond Fund**

11. PRIVATE MARKETS UPDATE - INFRASTRUCTURE

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]



The Joint Committee received an update by GCM Grosvenor on the Private Market investment Closed-ended and Open-ended programmes.

It was noted that the Closed-ended program focused on diversified infrastructure investments across primaries, secondaries, and co-investments in the UK, Europe, and North America. A total of £166m had been committed with £77m invested to date. The funds investing in this program are Clwyd, Dyfed, Gwynedd, Powys, RCT, Swansea and Greater Gwent (Torfaen).

The Committee were informed of three Open-ended managers:

- IFM – The IFM Global Infrastructure Fund invests in a diversified portfolio of infrastructure assets across the transportation, energy, utilities and digital sectors which seek to deliver stable revenues over the long term. £221m had been committed with no investments made to date.
- CBRE – The CBRE Global Infrastructure Fund invests in assets across digital, transportation, energy transition, and utility infrastructure sectors with highly contracted, cash yielding characteristics. £88m had been committed with no investments made to date.
- Octopus - The Octopus Renewable Sky Fund makes investments in predominantly core, contracted, and cash-yielding renewable and energy transition assets across the UK, Europe, North America, and APAC. £133m had been committed with £67m invested to date.

UNANIMOUSLY RESOLVED that the Private Markets Update – Infrastructure, be received.

12. EXCLUSION OF THE PUBLIC

UNANIMOUSLY RESOLVED, pursuant to the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, that the public be excluded from the meeting during consideration of the following item as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

13. ROBECO ENGAGEMENT SERVICE - Q4 2023 ENGAGEMENT REPORT

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 12 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.



[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Engagement Report for Q4 of 2023 (quarter ending 31 December, 2023).

UNANIMOUSLY RESOLVED that the Engagement Report for Q4 of 2023 be noted.

14. RESPONSIBLE INVESTMENT & CLIMATE RISK REPORTS

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 12 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Responsible Investment and Climate Risk reports, for Quarter 4, 2023 (quarter ending 31 December 2023), in respect of the following funds:-

- UK Credit
- Global Credit
- Global Government Bond

The report looked at ESG and climate risk metrics and identified key actions for the WPP to discuss.

UNANIMOUSLY RESOLVED that the Responsible Investment and Climate Risk Reports be noted.

15. WPP OPERATOR PROCUREMENT RECOMMENDATION REPORT

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 12 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report regarding the Operator contract procurement recommendation, which would be sent to all eight constituent authorities for written approval, in accordance with Schedule 2 of the Inter Authority Agreement.



RESOLVED that the Operator Procurement Recommendation be agreed and sent to all eight constituent authorities for written approval.

16. GLOBAL SECURITIES LENDING REVIEW AS AT 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 12 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.

[NOTE: Councillors M. Norris, C. Weaver, N. Yeowell, M. Lewis, S. Churchman, P. Lewis, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a report on the Securities Lending Review as at 31 December, 2023.

UNANIMOUSLY RESOLVED that the Securities Lending Review as at 31 December, as detailed in the report, 2023 be noted.

CHAIR

DATE

