

UNANIMOUSLY RESOLVED that the minutes of the Dyfed Pension Fund Pension Board meeting held on the 22nd January 2024 be noted.

5. DYFED PENSION FUND PENSION BOARD REPORT 22 JANUARY 2024

The Committee received the Pension Board report presented by the Chair of the Dyfed Pension Fund Pension Board providing an update of the items discussed at the Board meeting held on 22nd January 2024.

In response to a question on investments in fossil fuels, the Director of Corporate Services confirmed the investment portfolio was on a journey to achieving a reduction in carbon exposure.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Pension Board Report for the Meeting held on 22nd January 2024 be received.

6. BUDGET MONITORING 1 APRIL 2023 - 31 DECEMBER 2023

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2023/24 financial year. It was noted that the current position, as at 31st December 2023, was an under spend compared to budget of £1.8m.

It was reported that whilst the expenditure was projected to be overspent by £2.8m, due to lump sum retirement benefits forecasted to be £3.9m more than the budget, transfers out of £715k more than budget and management expenses of £310k more than budget. Offsetting those overspends were pensions payable forecasted to be £1.1m underspent and lump sum death benefits forecasted to be underspent by £1m. In relation to pensions payable, at the budget setting for 2023-24, an increase of 2.2% had been included to estimate the additional pensions paid on new pensioner members for the year and, to date, the actual increase in pensioner membership had been closer to 1%.

In terms of income, contributions were forecasted to be £4.6m more than budgeted, mostly attributable to employee pensionable pay being higher than anticipated at budget setting due to a higher pay award. Furthermore, a higher augmentation income than anticipated at the budget setting had been received from Employers. Transfers in were forecasted to exceed the budget by £1.8m and investment income was forecasted to be below budget by £1.8m.

Overall, total expenditure was estimated at £125.6m and total income estimated at £127.4m which resulted in a positive cash flow position of £1.8m.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget Monitoring Report for the period 1st April 2023 to 31st December 2023 be received.

7. DYFED PENSION FUND BUDGET 2024-2025

Note: These minutes are subject to confirmation at the next meeting.

The Committee considered the Dyfed Pension Fund Budget for 2024-25 and noted that the expenditure budget had been set at £133.6m and the income budget at £133.6m, resulting in a zero net budget thereby providing the Fund with flexibility to utilise investment income based on budgetary requirements.

With regard to expenditure levels, the Committee noted that benefits payable had been estimated to be £118m which included provision for a 6.7% pensions' increase, based on the September 2023 CPI, together with a 1.5% increase in pensioner and deferred members. In addition, an increase in budget had also been allocated for lump sum retirement benefits and payments to and account of leavers.

Management expenses had been estimated at £11.9m, of which £9.4m had been budgeted for investment manager fees.

It was noted that contributions were estimated at £104.5m comprising employer contributions of £76.1m and employee contributions of £28.4m. Contribution rates for employers had been amended to reflect the results of the 2022 triennial valuation. An additional 4% had also been factored in for pay awards for the year.

It was further noted that investment income was estimated at £25.7m to maintain a cash neutral budget so the fund was not holding onto surplus cash that could be invested.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Budget for 2024-25 be approved.

8. CASH RECONCILIATION AS AT 31 DECEMBER 2023

The Committee considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund. It was noted that, as at 31 December 2023, £15.4m of cash was being held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Cash Reconciliation report be received.

9. PENSIONS ADMINISTRATION REPORT

The Committee received a report providing an update on Pensions Administration. The report included updates on the activities within the Pensions Administration service and included regulatory matters, breaches register, i-Connect, GMP reconciliation, Business Continuity Plan and workflows.

In response to a question, it was confirmed the Pensions team was liaising and assisting Coleg Ceredigion. Coleg Sir Gar, Pembrokeshire College and the Dyfed Powys Police on transitioning to i-connect.

Note: These minutes are subject to confirmation at the next meeting.

With regard to the operation of the Business Continuity Plan, it was confirmed two data centres were operational and that should one suffer a breakdown, the secondary centre would become operational.

UNANIMOUSLY RESOLVED that the Pension Administration Report in relation to the Dyfed Pension Fund be noted.

10. BREACHES REPORT

The Committee received for consideration the Breaches Report in relation to the Dyfed Pension Fund which had been prepared in accordance with Section 70 of the Pension Act 2004, Code of Practice no 14 and the Dyfed Pension Fund Breaches Policy.

The Committee's attention was referred to the list of breaches appended to the report which detailed the instances where employee/employer contributions had not been received on time. In that regard, the Pension Investment Officer reminded the Committee of a breach previously reported in relation to Burry Port Marina Ltd who had regularly failed to pay contributions as required into the Fund. The report confirmed that The Pensions Regulator had also been advised of the Breach and that the Employer had now entered into administration with the contributions owed to the Fund at that time being estimated to be £7,230.56. Subsequently, and following an agreement reached with the company's administrators, it was noted those contributions had been paid over to the fund on the 29th February 2024.

UNANIMOUSLY RESOLVED that the Breaches Report in relation to the Dyfed Pension Fund be noted.

11. RISK REGISTER

The Committee received for consideration the Risk Register which detailed the risks identified in relation to the functions of the Dyfed Pension Fund.

The Committee was advised that following significant work undertaken in reviewing the register, a new risk had been added being risk G8 – Environmental, Social and Governance

The Committee was further advised that risks had now been categorised into three new sub-headings of Governance and Regulatory (8 risks), Funding and Investments (13 risks) and Operational (16 risks) which would be reviewed at its June, September and November meetings respectively.

UNANIMOUSLY RESOLVED that the risk register report be noted.

12. GOVERNANCE POLICY AND COMPLIANCE STATEMENT

The Committee considered an updated Governance Policy and Compliance Statement for the Dyfed Pension Fund following a recent review which set out the

Note: These minutes are subject to confirmation at the next meeting.

Fund's compliance with best practice principles relating to structure, representation, selection, voting, training, meetings, access, scope and publicity.

It was noted that the Policy detailed arrangements in relation to:

- The Governance of the Fund
- Terms of Reference for the Pension Committee
- Delegation to the Director of Corporate Services and Head of Financial Services
- Committee meetings
- The Annual Consultative Meeting
- The Pension Board

UNANIMOUSLY RESOLVED that the updated Governance Policy and Compliance Statement for the Dyfed Pension Fund be approved.

13. INVESTMENT STRATEGY STATEMENT

The Committee considered an updated Investment Strategy Statement for the Dyfed Pension Fund reflecting the Revised Strategic Asset Allocation Review approved by the Committee on the 22nd September 2023 that recommended a 5% allocation to Private Credit funded from the Equity Portfolio, as detailed in the report

The Committee noted that The Investment Strategy Statement was an important governance document for the Fund that set out the current investment strategy of the Fund, provided transparency in relation to how the Fund's investments were managed, acted as a high-level risk register, and had been designed to be informative for all stakeholders.

UNANIMOUSLY RESOLVED that the updated Investment Strategy Statement for the Dyfed Pension Fund be approved.

14. BUSINESS PLAN 2024-2025

The Committee received for consideration the Dyfed Pension Fund Business Plan for the period 2024-2025 the purpose of which was to:

- Provide information about the Fund and how it was run.
- Explain the background and governance structure of the Fund.
- Outline the principal responsibilities of the Fund.
- Introduce the Fund's key documents.
- Highlight the Fund's investment strategy including strategic asset allocation.
- Provide key statistics for the Fund.
- Outline the financial budget for the next year.
- Outline the priorities and business objectives of the Fund over the next year.

Note: These minutes are subject to confirmation at the next meeting.

Following a question, it was confirmed the 2022 Triennial Review of the Dyfed Pension Fund had resulted in a reduction of Employer contributions for some of the Employers in the scheme depending on their individual circumstances and member profiles. It was noted that preparatory works had also commenced on the 2025 review.

UNANIMOUSLY RESOLVED that the Dyfed Pension Fund's Business Plan for the period 2024-25 be approved.

15. TRAINING PLAN

The Committee received for consideration an update on the 2023/24 Training Plan which detailed the schedule of committee meetings, and training events for members and officers of the Dyfed Pension Fund, together with the proposed 2024-2025 plan.

UNANIMOUSLY RESOLVED that the Training Plan for 2023/24 be noted and the Training Plan for 2024/25 be approved.

16. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN 2024-2027

The Committee received for consideration the Wales Pension Partnership (WPP) Business Plan for the period 2024-2027, drafted in accordance with Section 6 of the Inter Authority Agreement, detailing the Fund's priorities and areas of focus over the plan period with the purpose being 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.

It was noted that, if approved, by all partners, the Plan would be constantly monitored, formally reviewed and agreed annually.

UNANIMOUSLY RESOLVED, that the Wales Pension Partnership Business Plan for the period 2024-27 be approved.

17. WALES PENSION PARTNERSHIP (WPP) JOINT GOVERNANCE COMMITTEE (JGC) UPDATE

The Committee received for consideration an update from the WPP's JGC meeting held on the 13th March 2024 providing an update on the following:

- Governance
- On-going Sub-Fund Development
- Operator Services
- Investments and Reporting
- Communication and Training

Note: These minutes are subject to confirmation at the next meeting.

- Resources, Budget and Fees
- Training Plan

The report also appended a summary and commentary on WPP's investment performance for Q4 2023 (October - December 2023) together with a report from GCM Grosvenor detailing Infrastructure Investments as the Dyfed Pension Fund had invested in its closed-ended infrastructure fund.

UNANIMOUSLY RESOLVED that the Wales Pension Partnership update on the Joint Governance Committee be received.

18. WALES PENSION PARTNERSHIP RESPONSIBLE INVESTMENT UPDATE - 31 DECEMBER 2023

The Committee received the WPP's Responsible Investments December 2023 update report detailing recent Responsible Investments activity together with information on the following Sub-Funds in which the Dyfed Pension Fund had invested:

- Global Growth
- Sustainable Active Equity
- Global Credit

In addition to the above, the update also provided a Stewardship Summary together with the relevant appendices numbered 1-4 within the report.

UNANIMOUSLY RESOLVED that the update report be received.

19. EXCLUSION OF THE PUBLIC

(NOTE: Following conclusion of this item, the Committee adjourned for a 10 minute comfort break)

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 items as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

20. 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 Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to adversely impact upon the Pension Fund to the detriment of fund members.

The Committee considered a report on the recent tender exercise undertaken for a new operator contract for the Wales Pension Partnership.

Note: These minutes are subject to confirmation at the next meeting.

UNANIMOUSLY RESOLVED that the appointment of bidder 3 as the preferred bidder for the New Wales Pension Partnership Operator Contract be approved.

21. ROBECO ENGAGEMENT REPORT 1 JULY 2023 - 30 SEPTEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

Committee received for consideration the Robeco engagement report for the reporting period 1 July 2023 – 30 September 2023. The report provided detailed statistics in relation to engagement activities undertaken on the WPP portfolio during the quarter, and a selection of case studies of engagement activity undertaken in relation to Net Zero Carbon Emissions.

UNANIMOUSLY RESOLVED that the Robeco Engagement Report for the reporting period 1 July 2023 – 30 September 2023 be noted.

22. ROBECO ENGAGEMENT REPORT 1 OCTOBER 2023 - 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

Committee received for consideration the Robeco engagement report for the reporting period 1 October 2023 – 31 December 2023. The report provided detailed statistics in relation to engagement activities undertaken on the WPP portfolio during the quarter, and a selection of case studies of engagement activity undertaken in relation to Responsible Executive Remuneration.

UNANIMOUSLY RESOLVED that the Robeco Engagement Report for the reporting period 1 October 2023 – 31 December 2023 be noted.

23. 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 Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

The Committee received for consideration a report in respect of the Global Securities Lending Review as at 31 December 2023 which provided information in terms of the securities lending which had commenced in March 2020. Northern

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Trust had provided a Securities Lending Performance review for Quarter 4 2023 (quarter ending 31 December 2023)

UNANIMOUSLY RESOLVED that the Global Securities Lending Review for the quarter ending 31st December 2023 be noted.

24. INDEPENDENT ADVISOR PERFORMANCE & RISK REPORT TO 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

The Committee received the Independent Investment Adviser Report which provided information in relation to the investment managers' performance for the quarterly, 12 month and rolling 3 year periods ending 31 December, 2023. The report also included the global market background and issues for the Committee to consider.

UNANIMOUSLY RESOLVED that the Independent Investment Adviser Report as at 31 December 2023 be noted.

25. NORTHERN TRUST PERFORMANCE REPORT TO 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would adversely impact upon the Pension Fund to the detriment of fund members.

The Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 31 December 2023, which provided performance analysis at a total fund level and by investment manager for the periods since inception.

UNANIMOUSLY RESOLVED that the Northern Trust Performance report for the Dyfed Pension Fund as at 31 December 2023 be noted.

26. INVESTMENT MANAGER REPORTS TO 31 DECEMBER 2023

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute Item 19 above, to consider this matter in private, with the public excluded from the meeting as disclosure would impact upon the Pension Fund to the detriment of fund members.

The Committee considered the investment managers reports which set out the performance of each manager as at 31st December 2023.

Note: These minutes are subject to confirmation at the next meeting.

- BlackRock – Quarterly Report 31 December 2023;
- Schroders – Q4 2023 Investment Report;
- Partners Group – Quarterly Report Q4 2023;
- WPP Global Growth Fund – 31 December 2023;
- WPP Global Credit Fund – 31 December 2023
- WPP Sustainable Active Equity Fund – 31 December 2023.

UNANIMOUSLY RESOLVED that the investment manager reports for the Dyfed Pension Fund as at 31st December 2023 be noted.

CHAIR

DATE

Note: These minutes are subject to confirmation at the next meeting.