

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Monday, 9 December 2019

PRESENT: Councillor P. Lewis (Chair)

Councillors:

G. Caron, C. Lloyd, M. Norris, J.Pugh Roberts, C. Weaver and D.E. Williams

The following Officers were in attendance:

C. Moore, Joint Committee Section 151 Officer (CCC)
L.R. Jones, Joint Committee Monitoring Officer (CCC)
N. Aurelius, Assistant Chief Executive - Resources (TCC)
J. Dong, Chief Treasury & Technical Officer (C&CS)
C. Lee, Corporate Director of Resources (CoC)
C. Hurst, Pension Fund Manager (PCC)
A. Parnell, Treasury & Pension Investments Manager (CCC)
P. Griffiths, Service Director Finance and Improvement (RCT)
D. Jones-Thomas, Pensions & Investment Accountant (GCC)
T. Williams, Senior Financial Services Officer (CCC)
J. Laimann, Assistant Democratic Services Officer (CCC)

Also present:

Eamonn Gough, Link Fund Solutions
Duncan Lowman, Link Fund Solutions
Sasha Mandich, Russell Investments
John Wright, Hymans Robertson
Fraser Hope, Hymans Robertson

Also present as observers:

A. Bull, Pensions Investment Manager (TCC)
Y. Keitch, Principal Accountant (RCT)
K. Cobb, Senior Accountant (C&CS)

Chamber, County Hall, Carmarthen, 10.00 a.m. - 11.20 a.m.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Aaron Shotton (Flintshire County Council).

2. DECLARATIONS OF INTEREST

| | |
|----------|---|
| G. Caron | Member of Greater Gwent Pension Fund; Wife is deferred member of Greater Gwent Pension Fund; Son-in-law is member of Greater Gwent Pension Fund |
| P. Lewis | Member of Powys Pension Fund; |
| C. Lloyd | Member of City and County of Swansea Pension Fund; |



| | |
|-----------------|---|
| | Father is member of City and County of Swansea Pension Fund |
| M. Norris | Member of Rhondda Cynon Taf Pension Fund; |
| J. Pugh Roberts | Member of Gwynedd Pension Fund; |
| E. Williams | Member of Dyfed 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 20 SEPTEMBER 2019

RESOLVED that the minutes of the Joint Governance Committee meeting held on 20 September 2019 be signed as a correct record.

4. HOST AUTHORITY UPDATE

The Joint Governance Committee (JGC) was advised that work on several policies and plans had been completed over the last few months and the following documents would be brought to today's meeting for approval:

- Beliefs statement
- Governance matrix
- Communication plan
- 2019/20 Training plan

With regard to next steps and priorities, Mr Parnell advised that the business plan was being developed and a draft version would be circulated to the JGC in the new year. The private markets sub-group was working to define requirements for illiquid assets and would provide recommendations to the Officer Working Group (OWG) and the JGC. A proxy voting agent would be appointed and a voting policy developed.

In other key areas, the JGC was advised that BlackRock had been appointed as the Fixed Income Transition Manager. Link would provide an update on the implementation plan for the transition at today's meeting. An updated WPP workplan for 2019/20 and a press release on the WPP's Responsible Investment Policy had been attached to the report.

In relation to the Responsible Investment Policy, it was suggested that environmental, social and governance (ESG) monitoring metrics should take into account Scope 1-3 emissions reporting as set out in the Greenhouse Gas Protocol.

RESOLVED that the host authority presentation be received.

5. WPP TRAINING PLAN 2019/20

The JGC considered the WPP Training Plan 2019/20. The Committee was advised that the Training Plan had been developed on the basis of responses to



the WPP Training Requirement Questionnaire, which had been issued to all OWG and JGC members. Due to the timing of the development of the Training Plan, only the last quarter of 2019/20 was covered. A 2020/21 Training Plan would be presented for approval at the next JGC meeting in March 2020. The Committee was further advised that the WPP Training Plan was intended to complement the training plans of the individual constituent authorities.

In response to a query, the JGC was advised that training provided under the WPP Training Plan was open to pension committee and board members, subject to location and venues having sufficient capacity.

RESOLVED that the WPP Training Plan 2019/20 be approved.

6. WPP COMMUNICATION PLAN

The JGC received a presentation on the WPP Communications Plan. It was advised that the Plan had been developed following a communications workshop attended by JGC and OWG members in June 2019. The Plan identified the WPP's target audience, key messages, means of communication, responsibilities and review and reflection process.

In response to a query, the JGC was advised that all communications could be circulated to JGC Members via email prior to being disseminated.

In response to a query on the internal document portal, the JGC was advised that the portal would be accessible to all JGC and OWG members.

A comment was made suggesting that fund managers should provide the JGC with information on their activities around responsible investment and ESG standards.

In response to a query on press releases, the JGC was advised that it was generally standard practice for the JGC Chair to be quoted and approve all press releases, however it was beneficial to have the flexibility to amend this practice if required.

RESOLVED that the WPP Communications Plan be approved.

7. WPP BELIEFS STATEMENT

The JGC received a presentation on the WPP Beliefs Statement. The Committee was advised that the Beliefs Statement would be used to inform the WPP's decision making, policies and business plans, and would be available on the WPP website.

It was suggested that the wording on point number 6 be slightly amended and positioned higher up the Statement and that items should not be numbered so as to avoid the impression of prioritisation.

RESOLVED that the WPP Beliefs Statement be approved.



8. WPP GOVERNANCE MATRIX

The JGC received a presentation on the WPP Governance Matrix. The Committee was advised that the Governance Matrix provided an overview of the WPP's governance structure, including its internal bodies and their respective responsibilities. The Governance Matrix would be part of a WPP Governance Manual.

RESOLVED that the WPP Governance Matrix be approved.

9. LINK/RUSSELL UPDATE

The JGC received a presentation from Link and Russell on the progress of the WPP. The Committee was advised that the UK Opportunities Equity Fund had been launched on 23 September 2019. With regard to Fixed Income, the launch date had been postponed due to ongoing work on the prospectus. Prospectus submission to the FCA was imminent and a new target launch date would subsequently be confirmed. The Committee was advised that the progress report was appended with an updated Engagement Protocol, which detailed how the operator engaged with the WPP.

It was suggested that progress reports should provide information on how much additional investments contributed to current fund holdings and also that there were five Fixed Income sub funds, including the UK Sterling Credit Fund .

In response to a query on the timeline for the Fixed Income launch, representatives from Link advised that the JGC would receive further information next week. They also advised that the Fixed Income Transition Manager had been consulted and confirmed they had capacity to complete the transition at a later date.

RESOLVED that the presentation be received.

10. PERFORMANCE REPORT AS AT 30 SEPTEMBER 2019

The JGC received a presentation on the performance reports for the Global Growth Fund and the Global Opportunities Fund as at 30 September 2019. The Committee was advised that, over the last quarter, the Global Growth Fund had increased in value by around 3.8% from £2,204,139,517 to £2,288,355,103 and the Global Opportunities Fund by around 3.4% from £2,114,503,736 to £2,186,490,978. Compared to respective benchmarks, over the last quarter the Global Growth Fund had slightly underperformed, with an actual return of 2.13 against a benchmark of 3.25 net of fees, while the Global Opportunities Fund had slightly outperformed, with an actual return of 3.40 against a benchmark of 3.25 net of fees.

In response to a query, the Committee was advised that fund manager performance was monitored daily and fund manager balancing was reviewed every six months.



In response to a query, the Committee was advised that Russell Investments will provide more in-depth reports going forward in relation to the Global Opportunities Fund.

RESOLVED that the Performance Reports for the WPP Global Growth Fund and the WPP Global Opportunities Fund as at 30 September 2019 be noted.

11. EXCLUSION OF THE PUBLIC

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.

12. WPP OVERSIGHT ADVISOR

[Note: Representatives from Link Fund Solutions, Russell Investments and Hymans Robertson left the meeting for the consideration of this item.]

Following the application of the public interest test it was RESOLVED, pursuant to the Act referred to in Minute 11 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would adversely impact upon the Wales Pension Partnership by disadvantaging negotiations.

The JGC considered a report on the appointment of the Oversight Advisor for the WPP.

RESOLVED to approve the appointment of bidder 2 as the preferred bidder for the Wales Pensions Partnership Oversight Advisor, subject to the completion of the standstill period and the finalisation of the Oversight Advisor Contract.

CHAIR

DATE

