

Document Pack



Wales Pension Partnership Joint
Governance Committee,
Democratic Services Unit,
Chief Executive's Department,
Carmarthenshire County Council,
County Hall,
Carmarthen SA31 1JP.

TUESDAY, 11 JULY 2023

**TO: ALL MEMBERS OF THE WALES PENSION PARTNERSHIP JOINT
GOVERNANCE COMMITTEE**

I HEREBY SUMMON YOU TO ATTEND A **VIRTUAL MEETING** OF THE
WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE
WHICH WILL BE HELD AT **10.00 AM, ON WEDNESDAY, 19TH JULY, 2023**
FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE
ATTACHED AGENDA

Wendy Walters

**CHIEF EXECUTIVE
CARMARTHENSHIRE COUNTY COUNCIL**

***PLEASE NOTE: THIS MEETING WILL BE FILMED FOR LIVE OR SUBSEQUENT BROADCAST.
THE IMAGES AND SOUND RECORDING MAY ALSO BE USED FOR TRAINING PURPOSES..***

Democratic Officer:	Kelly Evans
Telephone (direct line):	01267 224178
E-Mail:	kellyevans@carmarthenshire.gov.uk
Webcast Link	https://carmarthenshire.public-i.tv/core/portal/webcast_interactive/692714

**WALES PENSION PARTNERSHIP
JOINT GOVERNANCE COMMITTEE
9 MEMBERS**

(1 Member from each Constituent Authority & 1 Co-opted
Scheme Member Representative, Non Voting)

CARMARTHENSHIRE COUNTY COUNCIL

COUNCILLOR ELWYN WILLIAMS

CITY & COUNTY OF SWANSEA

COUNCILLOR MIKE LEWIS

CITY OF CARDIFF

COUNCILLOR CHRISTOPHER WEAVER

FLINTSHIRE COUNTY COUNCIL

COUNCILLOR TED PALMER

GWYNEDD COUNTY COUNCIL

COUNCILLOR STEPHEN CHURCHMAN

POWYS COUNTY COUNCIL

COUNCILLOR PETER LEWIS

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

COUNCILLOR MARK NORRIS

TORFAEN COUNTY BOROUGH COUNCIL

COUNCILLOR NATHAN YEOWELL

**NON-VOTING - CO-OPTED SCHEME MEMBER
REPRESENTATIVE**

OSIAN ROBERTS

AGENDA

1. APPOINTMENT OF CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR
2. APPOINTMENT OF VICE-CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR
3. APOLOGIES FOR ABSENCE
4. DECLARATIONS OF INTEREST
5. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 29 MARCH 2023 5 - 12
6. ANNUAL RETURN / AUDIT 2023 13 - 48
7. HOST AUTHORITY UPDATE 49 - 62
8. RISK REGISTER Q2 2023 REVIEW 63 - 72
9. ANNUAL POLICY REVIEWS 73 - 100
10. OPERATOR UPDATE - Q1 2023 REVIEW 101 - 116
11. PERFORMANCE REPORT AS AT 31 MARCH 2023 117 - 152
12. EXCLUSION OF THE PUBLIC

THE REPORTS RELATING TO THE FOLLOWING ITEMS ARE NOT FOR PUBLICATION AS THEY CONTAIN EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) (WALES) ORDER 2007. IF, FOLLOWING THE APPLICATION OF THE PUBLIC INTEREST TEST, THE JOINT COMMITTEE RESOLVES PURSUANT TO THE ACT TO CONSIDER THESE ITEMS IN PRIVATE, THE PUBLIC WILL BE EXCLUDED FROM THE MEETING DURING SUCH CONSIDERATION
13. SECURITIES LENDING PERFORMANCE REVIEW 2022/23 153 - 206
14. ROBECO ENGAGEMENT SERVICE - Q1 2023 ENGAGEMENT REPORT 207 - 230
15. RESPONSIBLE INVESTMENT & CLIMATE RISK REPORTS 231 - 254
16. WPP SUB FUND REVIEW 255 - 276

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Wednesday, 29 March 2023

Ystafell Dafydd Orwig, Gwynedd County Council Offices, Caernarfon
and remotely – 10:30am – 12:29pm

PRESENT: Councillor C. Weaver (Chair)

Councillors:

S. Churchman, T. Palmer, M. Lewis, P. Lewis, M. Norris, E. Williams, and N. Yeowell

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

The following officers were in attendance:

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)
C. Hurst – Pension Fund Manager (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) (Virtual)
K. Evans – Assistant Democratic Services Officer (CCC) [Note Taker]
L. H. Evans – Democratic Services Officer (GCC)
R. Evans – Member Services Officer (GCC) [Assisting]
B.M. Evans – Simultaneous Translator (GCC)

Also in attendance to present reports:

A. Johnson – Hymans Robertson
R. Barrack – Hymans Robertson
K. Midl – Link Fund Solutions (Virtual)
J. Zealander - Link Fund Solutions
D. Armstrong – Northern Trust (Virtual)
A. Knell – Robeco (Virtual)
A. Samson– Robeco (Virtual)
J. Brown– Russell Investments
A. Quinn – Russell Investments

Also present as observers:

M. Falconer – Pension Manager (CoC) (Virtual)
D. Jones-Thomas – Investment Manager (GCC)
L. Grey – Graduate Pensions Officer (TCC)
K. Cobb – Senior Accountant (C&CS)



D. Edwards – Fund Director (GCC)
 Cllr. Ioan Thomas (GCC)
 I. Guy – Scheme Member Representative (Reserve) (Virtual)

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 Greater Gwynedd Pension Fund
Cllr. P. Lewis	All agenda items	He is a member of the Powys Pension Fund
Cllr. N. Yeowell	All agenda items	His father and two aunts are members of the Greater Gwent Pension Fund and is in the process of joining 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	His partner and daughter are members of the Clwyd Pension Fund and is in the process of joining 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 5 DECEMBER 2022

RESOLVED that the minutes of the Joint Governance Committee meeting held on 5th December, 2022 be signed as a correct record.



4. HOST AUTHORITY UPDATE

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, S. Churchman, M. Norris, 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.

UNANIMOUSLY RESOLVED that the Host Authority update be received.

5. WPP TRAINING PLAN 2023/24

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

The Joint Committee received the Training Plan 2023/24.

This training plan is devised to supplement existing Constituent Authority training and will be relevant to the WPP's pooling activities. This 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 2023/24 training sessions will be held quarterly and will cover the following topics:

- Product Knowledge
- Reporting
- Responsible Investment
- Market Understanding & Regulatory Requirements

In response to a query, it was agreed to schedule an early session on the various opportunities and options of investing in sustainable energy and local/impact investments.

RESOLVED that the Training Plan 2023/24 be approved.



6. WPP BUSINESS PLAN 2023-2026

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

The Joint Committee considered the Business Plan for 2023-2026.

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.

The meeting was advised that, following approval by the JGC, the Business Plan would be sent to all Constituent Authorities for approval in accordance with Section 6 of the Inter-Authority Agreement.

In response to a query, it was agreed to consider, prior to being sent to the eight constituent authorities, adding the following to the objectives:-

- responsible investment and effective climate risk mitigation.

UNANIMOUSLY RESOLVED that the Business Plan be agreed and sent to all eight Constituent Authorities for written approval, subject to consideration of minor amendment.

7. RISK REGISTER Q1 2023 REVIEW

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

The Joint Committee considered the Risk Register Q1 2023 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.6. The Sub-Group also reviewed Risk G.12.

Members were informed that the next review will take place in Q2 2023 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. Lewis, C. Weaver, P. Lewis, N. Yeowell, S. Churchman, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Governance Matrix.

The JGC approved the Governance Matrix in December 2019 and was reviewed and updated in December 2020 and March 2022 respectively. This quarter the 2023 annual review of the matrix was undertaken and has been updated to reference the relevant sections of the Inter Authority Agreement (IAA).

The Governance Matrix will be updated on the WPP website.

UNANIMOUSLY RESOLVED that the Governance Matrix be approved.

9. OPERATOR UPDATE

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

The Joint Committee received a presentation on the progress of the Wales Pension Partnership in relation to the following key areas:

- Current Fund Holdings;
- Fund Launch Progress;
- Corporate Update and Engagement.

The report also provided an updated on the progress and milestones of the following Sub Funds:-

- Tranche 1 – Global Equity
- Tranche 2 – UK Equity
- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets

Also, a Corporate and Engagement update was received, which included the engagement protocol and key meeting dates.



UNANIMOUSLY RESOLVED that the Operator Update be received.

10. PERFORMANCE REPORTS AS AT 31 DECEMBER 2022

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, S. Churchman, M. Norris, 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 31 December 2022. Members were advised that the sub funds that had outperformed/underperformed their respective benchmarks, were as follows:

- Global Opportunities – outperformed by 1.58% gross / 1.29% net
- Global Growth – underperformed by 0.73% gross / 1.14% net
- Emerging Markets – underperformed by 1.00% gross / 1.31% net
- UK Opportunities – underperformed by 1.79% gross / 2.20% net
- Global Government Bond – outperformed by 1.93% gross / 1.70% net
- Global Credit – outperformed by 0.39% gross / 0.23% net

The MAC and ARB funds did not meet their targets.

The UK Credit fund exceeded its target.

RESOLVED that the Performance Reports of the following sub-funds as at 31 December 2022 be approved:

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

On behalf of the WPP JGC, the Chair thanked Dafydd Edwards, Fund Director with Gwynedd for all of his work in his role as a founding member of the group and extended best wishes for an enjoyable retirement.

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. GLOBAL SECURITIES LENDING REVIEW AS AT 31 DECEMBER 2022

Following the application of the public interest test it was **UNANIMOUSLY 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 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, S. Churchman, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a report on Global Securities Lending Relationship and Performance Review for quarter ending 31 December 2022.

UNANIMOUSLY RESOLVED that the Global Securities Lending Review as at 31 December 2022 be noted.

13. ROBECO ENGAGEMENT SERVICE - Q4 2022 ENGAGEMENT REPORT

Following the application of the public interest test it was **UNANIMOUSLY 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 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, S. Churchman, 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 2022.

UNANIMOUSLY RESOLVED that the Engagement Report for Q4 of 2022 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 11 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, S. Churchman, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a report on the Responsible Investment & Climate Risk Reports for the following sub funds:-

- UK Credit
- Global Credit
- Global Government Bond

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

CHAIR

DATE





WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 19 JULY 2023

SUBJECT

ANNUAL RETURN / AUDIT 2022/23

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

- To receive the letter from Audit Wales re the WPP 2022/23 Annual Return
- To approve the Audited Annual Return for 2022/23
- To note the Unaudited full Statement of Accounts for 2022/23

REASONS:

An Annual Return is required to be completed for 2022/23.

The Accounting Statements and Annual Governance Statement sections of the Annual Return have been prepared by the Host Authority and Carmarthenshire County Council's Internal Audit Department have carried out an Internal Audit Review. The Annual return has been audited by Audit Wales and the letter from Audit Wales is attached. The JGC is required to approve the Annual Return.

The Host Authority has also produced full Statement of Accounts for the Wales Pension Partnership for 2022/23. This is for information purposes only and does not require to be audited.

<p>Report Author: Chris Moore</p>	<p>Designation: Director of Corporate Services Carmarthenshire County Council</p>	<p>Tel No. 01267 224160 E. Mail: CMoore@carmarthenshire.gov.uk</p>
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EXECUTIVE SUMMARY

JOINT GOVERNANCE COMMITTEE

DATE 19 JULY 2023

ANNUAL RETURN / AUDIT 2022/23

BRIEF SUMMARY OF PURPOSE OF REPORT

For joint committees with income and expenditure below £2.5 million, the requirement is that accounts are prepared in the form of an annual return. The Joint Governance Costs of the Wales Pension Partnership for 2022/23 are £1,264k.

The Annual Report is split into the following sections:

1. Accounting Statements 2022/23 – including a statement of income and expenditure / receipts and payments and a statement of balances.
2. Annual Governance Statement
3. Committee approval and certification
4. Annual Internal Audit report / Internal Audit confirmation

Section 1 & 2 above have been completed by the Host Authority in accordance with proper practices as set out in the Practitioners Guide. Section 4 has been completed by the Host Authority's Internal Audit Department. The Annual Return has been audited by Audit Wales.

The Host Authority has also prepared full Statement of Accounts for the Wales Pension Partnership for 2022/23. The Statement is not a statutory requirement and will not be audited. It has been prepared for information purposes only, to support the information included in the Annual Report.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues NONE	Staffing Implications NONE
<p>Legal Compliance with the Accounts and Audit (Wales) Regulations 2014 and the Public Audit (Wales) Act 2004.</p>				
<p>Finance The net cost of the Wales Pension Partnership activities was £1,264k which has been recharged to the eight Welsh Pension Funds</p>				

CONSULTATIONS

Details of any consultations undertaken are to be included here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen.

Minor Joint Committees in Wales

Annual Return for the Year Ended 31 March 2023

Accounting statements 2022-23 for:

Name of body: Wales Pension Partnership

	Year ending		Notes and guidance for compilers
	31 March 2022 (£)	31 March 2023 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	1,077,511	1,264,442	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	-64,360	-67,728	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg termination costs.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	-1,013,151	-1,196,714	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors	501,316	729,575	Income and expenditure accounts only: Enter the value of debts owed to the body.
9. (+) Total cash and investments	-317,106	-588,239	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	-184,210	-141,336	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	0	0	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement

We acknowledge as the members of the Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2023, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> effective financial management during the year; and the preparation and approval of the accounting statements. 	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	<input checked="" type="radio"/>	<input type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Additional disclosure notes*

The following information is provided to assist the reader to understand the accounting statements and/or the Annual Governance Statement

1. More detailed information in relation to the Accounting Statement and Annual Governance Statement can be found in the Wales Pension Partnership's Statement of Accounts for year ending 31 March 2023.

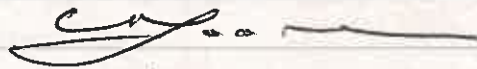
2.

3.

* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statements and/or the annual governance statement.

Committee approval and certification

The Committee is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Committee, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2023.</p>	<p>Approval by the Council/Board/Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
<p>RFO signature: </p>	<p>Minute ref:</p>
<p>Name: Chris Moore</p>	<p>Chair of meeting signature:</p>
<p>Date: 25/05/23</p>	<p>Name:</p> <p>Date:</p>

Auditor General for Wales' Audit Certificate and report

I report in respect of my audit of the accounts under section 13 of the Act, whether any matters that come to my attention give cause for concern that relevant legislation and regulatory requirements have not been met. My audit has been conducted in accordance with guidance issued by the Auditor General for Wales.

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2023 of:

Wales Pension Partnership

Auditor General's report

Audit opinion – Unqualified

On the basis of my review, in my opinion no matters have come to my attention giving cause for concern that in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislation and regulatory requirements have not been met;
- is not consistent with the Council's/Committee's governance arrangements; and
- that the Council/Committee does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Other matters arising and recommendations

There are no further matters I wish to draw to the Council's attention.

Name, Director, Audit Wales For and on behalf of the Auditor General for Wales	Date:
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Annual internal audit report to:

Name of body: Wales Pension Partnership

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2023.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	●	○	○	○	Accounting records are updated and maintained frequently during the year. Income and expenditure is recorded through the Authority's Financial Management System which means there are adequate records of accounts. Recent review of the Main Accounting System concluded it was operating to an acceptable standard. The accounts of the Authority are prepared in line with 2014 Code of Practice on Local Authority Accounting and therefore are correct as required by regulation.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	●	○	○	○	Testing of transactions undertaken concluded that all comply with the financial regulations as required with documentation to support all. No issues were identified.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	●	○	○	○	The risks to the Authority have been identified and these are monitored periodically through the risk register. No risks were assessed as being of significant to the Partnership in achieving their objectives.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	●	○	○	○	Carmarthenshire County Council has a budget monitoring process in place which covers the Wales Pension Partnership. A review of this process and the budget monitoring returns identified processes to be satisfactory.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	The only income will be the recharge to the other authorities for administering the fund.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	There is no Petty Cash account that exists that covers the Wales Pension Partnership.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	There is one member of staff paid from the Wales Pension Partnership which is paid through Carmarthenshire County Council's payroll. Recharges are made for another 3 Senior Officers time on a pro rata basis. A review of the payroll system has been undertaken and the arrangements for the payment of salaries are considered acceptable. No errors were identified relating to staffing costs.
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Investments are carried out for Carmarthenshire County Council as a whole. The review of Investments found that procedures were operating to an acceptable standard. An asset register is maintained for the Authority, however there are no assets which relate to the Wales Pension Partnership.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	A review of the bank reconciliations for Carmarthenshire County Council has been undertaken as part of the Audit plan, and procedures were found to be satisfactory. The Wales Pension Partnership forms part of the reconciliations undertaken by Carmarthenshire County Council.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Accounting Statements are prepared in line with the 2014 Code of Practice of Local Authority Accounting

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text

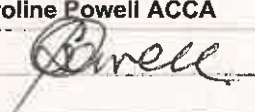
* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Committee are included in my detailed report to the Committee dated _____.] * Delete if no report prepared.

Internal audit confirmation

I/we confirm that as the Committee's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2021-22 and 2022-23. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Caroline Powell ACCA
Signature of person who carried out the internal audit: 
Date: 24/5/2023

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Mr Chris Moore
Director of Corporate Services
Carmarthenshire County Council County Hall
Carmarthen
SA31 1JP

Reference: WPP-22/23

Date issued: 6 July 2023

Dear Chris,

Wales Pension Partnership Joint Committee 2022-23 Annual Return

In accordance with the requirements of Section 12 and Section 14 of the Public Audit (Wales) Act 2004 I am giving my report on the Wales Pension Partnership Joint Committee Annual Return for the year ended 31 March 2023.

I have undertaken our work in accordance with the specified procedures issued by the Auditor General for Wales. In summary these procedures require us to consider whether the annual statement of accounts:

- has been prepared on a reasonable basis (for example, the figures agree to the underlying records upon which they have been prepared and are consistent with transactions recorded in the statutory accounts of the constituent local authorities for the same reporting period); and
- casts correctly.

Audit report on the annual statement of accounts relating to Wales Pension Partnership joint committee for the period ending 31 March 2023

Subject to approval of the 2022-23 statement of accounts by the joint committee which is due to be done at its meeting on 19/7/2023, we will be able to confirm the following:

“On the basis of our review and in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.”

Other matters

We have no other matters we need to bring to your attention.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Derwyn Owen', is enclosed in a thin black rectangular border.

Derwyn Owen

for and on behalf of Adrian Crompton, Auditor General for Wales



WALES PENSION PARTNERSHIP

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2023

**CHRIS MOORE FCCA
DIRECTOR OF CORPORATE SERVICES
COUNTY HALL
CARMARTHEN
SA31 1JP**

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1 NARRATIVE REPORT

The Statement of Accounts summarises the financial transactions of the Wales Pension Partnership (WPP) for the 2022/23 financial year and its financial position as at year ended 31 March 2023.

1.1 Overview

The Wales Pension Partnership (WPP) was established in 2017 and is a collaboration of the eight LGPS funds covering Wales, with Carmarthenshire County Council as the Host Authority. The WPP is one of eight national Local Government Pension pools.

The WPP's objectives and beliefs are outlined below:

Objectives

- To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical).
- To achieve material cost savings for participating funds while improving or maintaining investment performance after fees.
- To put in place robust governance arrangements to oversee the Pool's activities.
- To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments.
- To deliver an investment framework that achieves the best outcomes for its key stakeholders; the Constituent Authorities. The Constituent Authorities will be able to use this framework to deliver the best outcomes for their Scheme Members & Employers.
- To embed the delivery of long-term, sustainable investment outcomes into decision making, through capital allocation, the ongoing scrutiny of asset managers, and the exercise of the rights and responsibilities that arise as asset owners.

Beliefs

- The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented.
- Good governance should lead to superior outcomes for the WPP's stakeholders.
- Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders.
- Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of Environmental, Social and Governance issues should result in better outcomes for the WPP's stakeholders.
- Effective internal and external communication is vital to achieving the WPP's objectives.
- External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise.
- Fee and cost transparency will aid decision making and improve stakeholder outcomes.
- Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve.
- A flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

The WPP's Governance Structure is detailed in Section 3 – Annual Governance Statement.

1.2 Accounts

The accounts have been produced in line with the 2022/23 Code of Practice on Local Authority Accounting and consist of the following Financial Statements:

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

The Balance Sheet

This shows the assets and liabilities of the WPP as at 31 March 2023.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the WPP during the reporting period.

The accounts are supported by the Statement of Accounting Policies (Note 6.1 - Notes to the Accounts).

1.3 Budget

The following table shows the WPP's actual expenditure during 2022/23 compared with the approved budget for the year, detailing any variances. The Budget was approved by the Joint Governance Committee at the Joint Governance Committee meeting on 23 March 2022 and subsequently by all eight Constituent Authorities.

Wales Pension Partnership 2022/23	Note	Budget £	Actual £	Variance £
Gross Expenditure				
Employee costs	1	86,200	67,728	18,472
Host Authority costs	2	23,499	18,189	5,310
Host Authority Support Services	3	81,360	81,360	0
Total Host Authority Gross Expenditure	4	191,059	167,277	23,782
External Consultants	5	1,205,500	1,097,165	108,335
Total Gross Expenditure		1,396,559	1,264,442	132,117

Notes:

1. This includes staff employed to work solely on the WPP. The Budget includes a Senior Financial Services Officer (1fte) and an Assistant Accountant (1fte for 6 months)
2. These costs include staff travelling expenses, subsistence and meeting expenses, admin, office and operational consumables, website (development and ongoing costs), audit fees and translation services
3. These are central recharges from the Host Authority and includes costs apportioned for the Section 151 Officer, Monitoring Officer, Treasury & Pension Investments Manager, Democratic Services Officer and also Premises and HR support
4. The total Host Authority expenditure is funded equally by all eight Pension Funds and are recharged on an annual basis
5. External Consultants include Investment & Legal Consultants, these costs are also funded by all eight Pension Funds

There was an underspend of £132k for the year, which was mainly due to:

- Employee costs – Assistant Accountant not appointed
- Host Authority costs – virtual meetings still being held, reducing staff travelling & meeting expenses
- External Consultants – work completed by external consultants less than anticipated.

1.4 Further Information

Further information regarding the accounts is available from the Treasury & Pension Investments Manager, Corporate Services Department, County Hall, Carmarthen, SA31 1JP.

2 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Joint Governance Committee Responsibilities

The Joint Governance Committee is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. Within Carmarthenshire County Council (the Host Authority), that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Director of Corporate Services' Responsibilities

The Director of Corporate Services is responsible for the preparation of the Wales Pension Partnership's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of Accounts

I certify that the Statement of Accounts on pages 13 to 17 gives a true and fair view of the financial position of the Wales Pension Partnership as at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Chris Moore FCCA
Director of Corporate Services

Dated: 03 July 2023

3 ANNUAL GOVERNANCE STATEMENT

3.1 Scope of Responsibility

The Wales Pension Partnership (WPP) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively and to secure continuous improvement and delivery in this regard.

The WPP is responsible for putting in place proper arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk.

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process allowing for current relevant legislation.

3.2 The Governance Framework

The Governance Framework comprises the systems, processes, cultures and beliefs by which the WPP is directed and controlled. It enables the Partnership to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of Internal Control is a significant part of that framework and is designed to manage risk to a reasonable level. It aims to identify and prioritise the risks which may inhibit the WPP's ability to achieve its policies, aims and objectives. It evaluates the likelihood and impact of risks being realised and manages individual risks appropriately.

The Code of Corporate Governance recognises policies and processes that are consistent with the principles of the CIPFA / SOLACE Framework - '**Delivering Good Governance in Local Government**' (Guidance Notes for Welsh Authorities 2016 Edition – Published September 2016). This framework identifies 7 key principles of good governance which complement the Well – being of Future Generations Act requirements.

This Statement explains how the WPP has complied with the various elements of the Governance Framework.

3.3 The Governance Environment

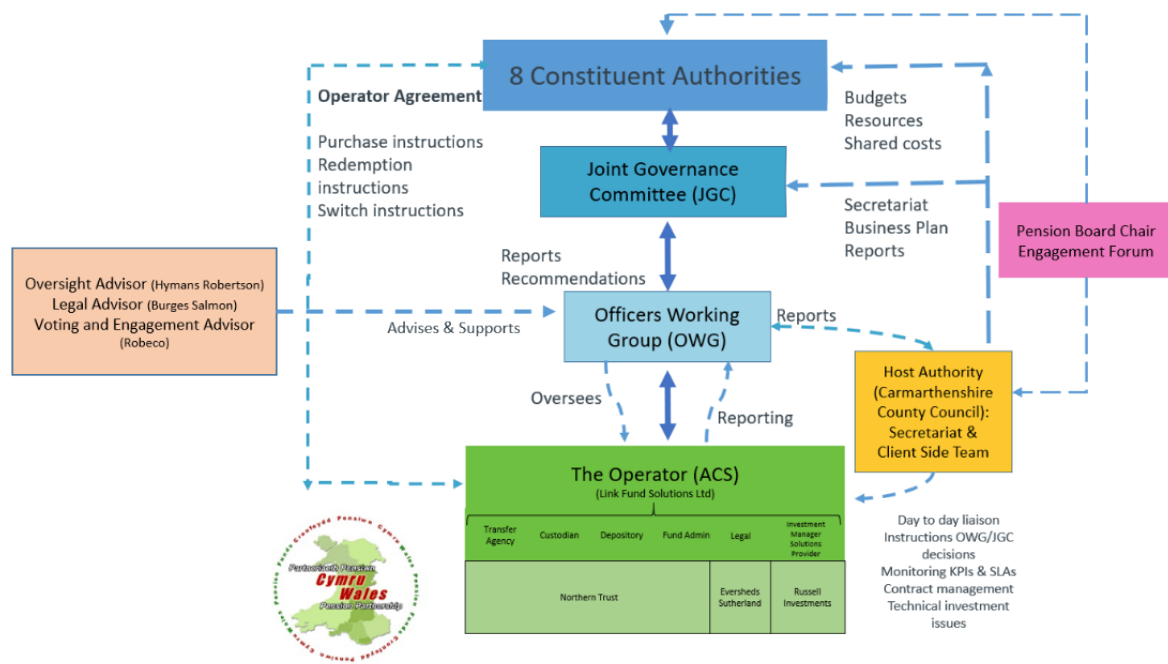
The Governance framework comprises of seven fundamental principles implemented to endorse high standards of confidence and trust in the governance and operation of the partnership, whilst upholding a commitment to ongoing improvement on a continuing basis through a process of evaluation and review.

The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

1. Integrity and Values - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Openness and engagement - Ensuring openness and comprehensive stakeholder engagement.
3. Making a difference - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Making sure we achieve what we set out to do - Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Valuing our people; engaging, leading and supporting - Developing capacity and the capability of leadership and individuals.
6. Managing risks, performance and finance - Managing risks and performance through robust internal control and strong public financial management.
7. Good transparency and accountability - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.4 The Governance Structure

The diagram below illustrates the governance structure established by the WPP



3.4.1 Constituent Authorities

The Constituent Authorities of the Wales Pension Partnership are:

- Carmarthenshire County Council
- City & County of Swansea Council
- City of Cardiff Council
- Flintshire County Council

- Cyngor Gwynedd
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

These are the Constituent Authorities of the eight Local Government Pension Scheme funds in Wales, which form the WPP. Carmarthenshire County Council is the Host Authority.

Although there is a Joint Governance Committee set up to make most of the decisions on behalf of the WPP, there are a number of matters / decisions that are reserved and have to be taken back to the Constituent Authorities for approval, these are detailed in Schedule 2 of the Inter Authority Agreement.

3.4.2 Joint Governance Committee

The Wales Pension Partnership Joint Governance Committee (JGC) was formalised in June 2017 and since then has met frequently. The JGC meets a minimum of 4 times a year and each meeting is webcasted for the public. The WPP ensures open and transparent meetings and publication of agendas, minutes and webcasts, where appropriate.

The JGC is comprised of one elected member from each of the eight Constituent Authorities and a co-opted (non-voting) scheme member representative. The elected member must be a member of that Constituent Authority and that Constituent Authority's Pensions Committee. The Chair and Vice-chair are rotated on an annual basis. The current chair is Cllr. Christopher Weaver - City of Cardiff Council (Cardiff & Vale of Glamorgan Pension Fund) and the current vice-chair is Cllr. Ted Palmer – Flintshire County Council (Clwyd Pension Fund).

The JGC is responsible for overseeing the pooling of the investments of the eight Local Government Pension Scheme funds in Wales. The JGC's full set of responsibilities are set out in Schedule 3 (JGC Matters) and Schedule 4 (JGC Terms of Reference) of the Inter Authority Agreement.

3.4.3 Officers Working Group

A WPP Officers Working Group (OWG) has been established with the purpose of providing support and advice to the Joint Governance Committee. The group meets quarterly with additional meetings held as and when required.

The OWG comprises of practitioners and Section 151 officers from all eight Constituent Authorities. The Chair of the OWG is Chris Moore, Section 151 Officer of Carmarthenshire County Council (Host Authority). The remit of the OWG is set out in Schedule 8 of the IAA.

3.4.4 Host Authority

Carmarthenshire County Council has been appointed as the Host Authority for the Wales Pension Partnership, providing administrative and secretarial support to the JGC and liaising day to day with the operator on behalf of all the LGPS funds in Wales. The role of the Host Authority is set out in Section 6 of the IAA.

Monitoring Officer

The Monitoring Officer (Head of Administration & Law) is responsible for maintaining the IAA to ensure that it reflects up to date legislative requirements and the WPP's Governance needs and is also responsible for ensuring that the provisions are fully complied with at all levels. The Monitoring Officer attends all JGC meetings.

The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the WPP's own procedures. As the Head of Service with ultimate responsibility for the Democratic Services Unit, the Monitoring Officer is also responsible for the formal recording and publication of the democratic decision-making process.

The Monitoring Officer works closely with the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to the Joint Governance Committee if she considers that any proposal will give rise to unlawfulness.

Section 151 Officer

The Director of Corporate Services is the responsible officer for the administration of the WPP's affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the WPP.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a "Statement on the Role of the Chief Financial Officer in Local Government". The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Corporate Services fully complies with the Statement.

- Principle 1 - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest.
- Principle 2 - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the Authority's overall financial strategy.
- Principle 3 - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- Principle 4 - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.
- Principle 5 - The CFO in a Local Authority must be professionally qualified and suitably experienced.

3.4.5 Link Fund Solutions

The WPP have designed an operating model which is flexible and able to deliver value for money. Link Fund Solutions Ltd (Link) have been appointed as the external Operator and with the support of Russell Investments, they deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

There is an Operator Agreement in place with Link Fund Solutions which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP.

3.4.6 External Advisors

The WPP have appointed External Advisors to provide additional support and advice. All contracts go through a formal procurement process in line with CCC's Procurement Guidelines.

Legal Advisors – Burges Salmon

Burges Salmon provide Legal advice, as and when required.

Oversight Advisors – Hymans Robertson

Hymans Robertson have been appointed the Oversight Advisors for the WPP. Hymans Robertson's role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support. They attend all OWG and JGC meetings.

Voting and Engagement Provider – Robeco Ltd

Robeco have been appointed the WPP's Voting and Engagement provider and they will assist the WPP in formulating and maintaining a Voting Policy and Engagement Principles that are in keeping with the Welsh Constituent Authorities' membership of the Local Authority Pension Fund Forum ('LAPFF'). Robeco will also take responsibility for implementing the Voting Policy across WPP.

3.5 Governance Sources of Assurances

3.5.1 Internal Audit

The Internal Audit team within Carmarthenshire County Council carry out Internal Audit reviews in a number of areas within the Authority, reviewing the effectiveness of the systems and governance arrangements. Internal Audit are required to undertake their work in accordance with the standards as set out in the Public Sector Internal Audit Standards (PSIAS) established in 2013 are the agreed professional standards for Internal Audit in Local Government.

3.5.2 Governance Matrix

The WPP has developed a Governance Matrix which focuses on outlining the different roles that bodies within the WPP play in the WPP's decision making process. It also articulates that the WPP consults / or seeks input from several different bodies within the WPP before

decision are formalised. This process highlights the number of checks and balances that the WPP has built into its decision-making process to ensure good governance is delivered.

3.5.3 Engagement Protocol

The WPP believes in regularly engagement with its key stakeholders. The WPP has an Engagement Protocol Framework in place, this is carried out via the following engagement mechanisms:

- Strategic Relationship Review meetings - Bi-Annual
- JGC Engagement – Quarterly
- OWG Engagement – Quarterly
- Pension Board Engagement – Every 6 months
- Pension Fund Committees – Annual
- Manager Engagement Days – Annual
- Member Communications – Annual
- Engagement via the website & LinkedIn - continuous

As well as regular engagement between Officers, Members and External Parties, as detailed on the Governance Structure diagram, these engagements also involve engagements between Pension Committee Members, Pension Board Members and Investment Fund Managers, both existing and potential.

3.5.4 Responsible Investment Policy

WPP understand the importance of Responsible Investment and has developed an overarching Responsible Investment Policy for the WPP. This policy has been developed in consultation with the Constituent Authorities and covers the following main areas:

- Introduction and Oversight
- Ambition and Beliefs
- Investment Strategy
- Climate Change
- Exclusions
- Implementation of Strategy
- Stewardship – Voting, Stock Lending and Shareholder Engagement
- Collaboration
- Monitoring, Reporting and Measurement

3.5.5 Training

WPP personnel must have appropriate knowledge and understanding of:

- the regulations and markets relating to the Local Government Pension Scheme;
- the pooling of Local Government Pension Funds; and
- relevant investment opportunities.

In order to achieve this, the WPP have developed a training plan that is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

The Host Authority arranges quarterly training sessions which cover major areas such as investments, administration, regulation requirements, government guidance and market developments. A training plan log is kept as a record of all the training completed to date and the training that is due to take place in the foreseeable future.

The training events primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

3.5.6 Communication

The WPP believes that effective internal and external communication is vital to achieving its objectives. The WPP has developed a communication policy which is reviewed annually. The policy outlines the WPP's:

- Target Audience
- Key Messages / Key Purpose
- Means of Communication
- Responsibilities
- Review & Reflection Process

The WPP also has a website and LinkedIn page which is regularly updated. The website (www.walespensionpartnership.org) covers a number of areas including Governance, Publications (including WPP Policies), Sub Fund developments and News (including press releases).

3.5.7 Risk Management

Risk management is embedded throughout the governance of the WPP. Risks are considered in all of WPP's activities, especially when deciding on the development and structure and of sub funds. An extensive Risk Policy has been formulated which outlines how the WPP identifies, manages and monitors risks. In addition, a Risk Register has been developed to monitor and manage potential risks which is maintained and evaluated by a dedicated Risk Sub-Group on a quarterly basis.

3.5.8 External Regulators

Audit Wales, as External Auditors to the WPP, reviews and comments on the financial aspects of Corporate Governance which includes the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption. The External Audit plan is approved by the Joint Governance Committee.

3.6 Governance issues to be addressed / Action Plan

The WPP believes that good governance leads to better outcomes for its stakeholders, as such it will further develop its governance framework by developing additional policies, registers, plans and carrying out ongoing reviews of its existing governance documents and structure.

The WPP have a 3-year workplan which will form part of the Business Plan. This covers a number of work areas with Governance being one of them. WPP's Action Plan for the next 12 months:

1. Development of the WPP's 3-year Business Plan*
2. Development of a Breaches and Errors Policy
3. Complete the Operator procurement exercise
4. Regular Review of WPP's Policies and Plans
5. Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes

* The Business Plan has been developed and approved by the JGC on 29 March 2023, it is now with the Constituent Authorities for their final approval.

3.7 Conclusion

A good level of assurance has been demonstrated with regards to the governance arrangements within the WPP with adequate and effective systems in place. Hybrid working arrangements continue. The implementation of the actions from the action plan in section 3.6 will be monitored and reviewed as part of the next annual review.

4 FINANCIAL STATEMENTS

The financial statements comprise the following:

4.1 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2021/22 (£)	Description	2022/23 (£)	Notes
	Expenditure		
64,360	Employee costs	67,728	
18,490	Host Authority costs	18,189	
915,478	External Advisor costs *	1,097,165	
79,183	Host Authority Support Service costs	81,360	
1,077,511	Total Operating Expenditure	1,264,442	
	Income		
(1,077,511)	Constituent Authority Recharges **	(1,264,442)	
(1,077,511)	Total Operating Income	(1,264,442)	
0	Total Comprehensive Income and Expenditure	0	

* The budget for External Advisor costs increased in 2022/23

** These costs are funded equally by all eight LGPS Funds and are recharged on an annual basis.

4.2 BALANCE SHEET

The Balance Sheet shows the assets and liabilities of the WPP as at 31 March 2023.

31st March 2022 (£)	Description	31st March 2023 (£)	Notes
	Current Assets		
501,316	Short Term Debtors	729,575	3
501,316	Total Current Assets	729,575	
	Current Liabilities		
(317,106)	Cash and Cash Equivalents	(588,239)	
(184,210)	Short Term Creditors	(141,336)	4
(501,316)	Total Current Liabilities	(729,575)	
0	Total Net Assets	0	

4.3 CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the WPP during the reporting period.

2021/22 (£)	Description	2022/23 (£)	Notes
Cashflow from operating activities			
0	Net (surplus) / deficit on the provision of services	0	
Adjustments for:			
(119,549)	(Increase) in trade and other debtors	(228,259)	
(9,372)	Increase in trade and other creditors	(42,874)	
(128,921)	Net Cash from operating activities	(271,132)	
Net (Increase) / Decrease in cash and cash equivalents			
(188,185)	Cash & Cash Equivalents as at 1 April	(317,106)	
(317,106)	Cash & Cash equivalents as at 31 March	(588,238)	
(128,921)	Cash and cash equivalents as at 31 March	(271,132)	

5 NOTES TO THE ACCOUNTS

5.1 Statement of Accounting Policies

General

The Statement of Accounts summarises the transactions of the Wales Pension Partnership (WPP) for the 2022/23 financial year and its position at the year ended 31 March 2023. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

5.1.1 Going Concern

The Financial Statements have been prepared on a going concern basis.

5.1.2 Accruals of Income and Expenditure

Financial Statements have been prepared under the Accruals concept of accounting which requires that both income and expenditure must be recognised in the accounting periods to which they relate rather than on a cash basis.

5.1.3 Cash and Cash Equivalents

The WPP itself does not operate or control its own individual bank account. Carmarthenshire County Council in its role as the Host Authority administers all cash and cash equivalent transactions on behalf of the WPP.

5.1.4 Provisions, Contingent Assets and Liabilities

The WPP have not recognised any provisions, contingent assets or contingent liabilities in the accounts.

5.1.5 Value Added Tax (VAT)

Transactions are shown net of VAT, all VAT is accounted for by Carmarthenshire County Council.

5.1.6 Employee Benefits

Direct employees supporting the activities of the WPP are contractually employed by Carmarthenshire County Council, with additional support being provided by Carmarthenshire on a recharge methodology. Employee remuneration costs will be disclosed within the Financial Statements of Carmarthenshire County Council.

5.2 Investments

No investments are held directly with the WPP. The sub funds opened as part of the pooling arrangement sit within the financial statements of the respective pension funds. The Operator costs and other fees relating to these investments are shared between the eight LGPS Funds based on their individual percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV). These are not cash transactions.

5.3 Short Term Debtors

2021/22 (£)	Description	2022/23 (£)
499,432	Constituent Authorities	728,639
1,885	Prepayments	936
501,316	Total Short Term Debtors	729,575

5.4 Short Term Creditors

2021/22 (£)	Description	2022/23 (£)
5,448	Trade Creditors	30,878
178,762	Accruals	110,458
184,210	Total Short Term Creditors	141,336

5.5 Audit Costs

In 2022/23 the WPP incurred the following fees relating to financial audit and inspection, payable to Audit Wales

2021/22 (£)	Description	2022/23 (£)
5,663*	Audit Fees	5,918
5,663	Total External Audit Fees	5,918

- restated

5.6 Related Party Transactions

WPP is required to disclose material transactions between partners, bodies, individuals or related parties, that could potentially influence the decisions of the JGC or be influenced by the JGC. The WPP has arrangements in place requesting members and Officers to identify and disclose related party transactions. These interests are declared and assessed at the start of each JGC meeting.

Any transactions between parties outlined above will require disclosure to allow the users of these Financial statements to assess the extent to which the JGC's independence could potentially been impaired or influenced another party's ability to transact with the Committee.

During 2022/23 Carmarthenshire County Council, as Host Authority for the WPP raised debtor invoices to all eight LGPS pension funds to recover the running costs of the WPP, as detailed in the CIES. The tables below show the total value of transactions raised during 2022/23 and the debtor balances outstanding as at 31 March 2023.

2021/22 £	Description	2022/23 £
134,689	Cardiff & Vale of Glamorgan Pension Fund	158,055
134,689	Clwyd Pension Fund	158,055
134,689	Dyfed Pension Fund	158,055
134,689	Gwynedd Pension Fund	158,055
134,689	Powys Pension Fund	158,055
134,689	Rhondda Cynon Taf (RCT) Pension Fund	158,055
134,689	City and County of Swansea Pension Fund	158,055
134,689	Greater Gwent (Torfaen) Pension Fund	158,055
1,077,511*	Total Related Party Transactions	1,264,442*

* Rounding

2021/22 £	Description	2022/23 £
71,347	Cardiff & Vale of Glamorgan Pension Fund	103,893
71,347	Clwyd Pension Fund	103,893
71,347	Gwynedd Pension Fund	103,893
71,347	Powys Pension Fund	103,893
71,347	Rhondda Cynon Taf (RCT) Pension Fund	103,893
71,347	City and County of Swansea Pension Fund	103,893
71,347	Greater Gwent (Torfaen) Pension Fund	103,893
499,432*	Related Party Transactions outstanding at year end	727,251*

* Rounding

Carmarthenshire County Council charged the WPP for administration and support services during 2022/23. Invoices have also been received from Cyngor Gwynedd for services they have provided in the form of translation services. The table below shows the value of these services and the creditor balances outstanding as at 31 March 2023.

Related Party Transactions - Creditors	Value of services provided during 2022/23 £	Balance outstanding as at 31 March 2023 £
Carmarthenshire County Council	151,200	0
Cyngor Gwynedd	5,200	864
Total	156,400	864

The Director of Corporate Services and the Monitoring Officer are both Senior Officers within Carmarthenshire County Council.

5.7 Prior Period Adjustment

No Prior Period adjustments were made during the financial year 2022/23.

6 GLOSSARY OF TERMS

The following section attempts to explain the meaning of some of those technical terms that are used in the Statements.

Accrual

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

Audit

An audit is an independent examination of our activities.

Balance

The surplus or deficit on any account at any point in time.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the end of the financial year.

Budget

A budget is a spending plan, usually for the following financial year.

Creditor

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received, or services rendered.

Current Assets

These are short-term assets that are available for us to use in the following accounting year.

Current Liabilities

These are short-term liabilities that are due for payment by us in the following accounting year.

Debtor

A debtor is someone who owes money to us at end of the financial year.

Financial Year

This is the accounting period. For this committee it starts on 1 April and finishes on 31 March the following year.

Gross Expenditure

The total cost of providing the Host Authorities services before taking into account any income received

Liability

A liability is an amount due and payable at some time in the future.

Prepayment

A prepayment is a payment that has been made in advance, a payment which relates to a future accounting period.

Provision

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Variance

The difference between actual expenditure and budget - expressed in cash or percentage terms.

Audit Wales

An independent body lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.

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WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 19 JULY 2023

<p>SUBJECT</p> <p>HOST AUTHORITY UPDATE</p>		
<p>RECOMMENDATIONS / KEY DECISIONS REQUIRED:</p> <p>To receive an update from the host authority</p>		
<p>REASONS:</p> <p>The host authority to provide a progress update in relation to the following key areas:</p> <ul style="list-style-type: none"> • Governance • Ongoing establishment • Operator services • Communications and reporting • Training and meetings • Resources, budget and fees 		
<p>Report Author: Chris Moore</p>	<p>Designation: Director of Corporate Services</p> <p>Carmarthenshire County Council</p>	<p>Tel No. 01267 224160</p> <p>E. Mail: CMoore@carmarthenshire.gov.uk</p>

EXECUTIVE SUMMARY

JOINT GOVERNANCE COMMITTEE

DATE 19 JULY 2023

HOST AUTHORITY UPDATE

BRIEF SUMMARY OF PURPOSE OF REPORT

The WPP Business Plan for 2022/23 was approved by the JGC on 23 March 2022. A Quarter 4 (1 April to 31 March 2023) update is attached showing WPP's progress in relation to the Workplan, Budget and Investments sections.

Work has continued to be developed in a number of key areas, including:

- Completing the 2022/23 year-end closure of accounts
- Policy reviews – Climate Policy & Voting Policy reviewed during this quarter
- Private Markets:
 - Infrastructure and Private Credit investment programmes launched
 - Private Equity investment programme – work is underway to launch later this year
 - Real Estate – currently at the mandate specification stage
- Operator contract - Prior Information Notice (PIN) issued on 17 January 2023 and Market Engagement Day held in Cardiff on 9 March 2023. In the process of developing the procurement documentation.
- Responsible Investment – policy reviews, stewardship framework / process, stewardship code and TCFD reporting.

Next Steps / Priorities:

- Formulate the Breaches and Errors policy
- Launch of the Sustainable Equities Sub-fund
- Development of the Private Equity and Real Estate Investment programmes
- Operator contract - procurement process timeline, key steps:
 - July 2023 - JGC to approve the evaluation and scoring criteria
 - July – October 2023, individual Constituent Authorities (CA) to approve evaluation and scoring criteria
 - Oct 2023 – Issue Invitation to Tender (ITT)
 - Nov / Dec 2023 – ITT evaluation
 - March 2024 – Approval of recommended operator by the JGC

- March / April 2024 – Approval by the CA’s
- May 2024 – Operator appointment
- May 2024 – Dec 2024 – transition period
- December 2024 – new formal contract start date
- Formulate the 2022/23 Annual Update and Annual Report
- TCFD reporting

Other key areas:

- Training – training sessions continue to be undertaken virtually
- Website – the website continues to be updated with relevant news and publications.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities YES	Legal NONE	Finance NONE	Risk Management Issues NONE	Staffing Implications NONE
Policy Policy and procedure documents will be formal documents for the Wales Pension Partnership.				

CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

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Wales Pension Partnership Business Plan 2022 -2023 Q4 Review

Governance

Work to be completed	Completed	Comments
• Development of a WPP Whistleblowing Policy	Yes	Approved at the July 2022 JGC
• Development of a WPP Business Continuity Plan (including Cyber)	Yes	Approved at the July 2022 JGC
• Development of a WPP Complaints Policy	Yes	Approved at the December 2022 JGC
• Development of a WPP Breaches and Errors Policy	In progress	To be finalised in Q2 (April to June) 2023
• Ongoing review of the Inter Authority Agreement	Ongoing	
• Annual/biennial review of WPP's policies and plans	Ongoing	
• Quarterly reviews of the Risk Register	Ongoing	

Ongoing Establishment

Work to be completed	Completed	Comments
• Appoint Private Market Allocators	In progress	Private Debt and Infrastructure Allocators appointed in April 2022. Private Equity Allocator appointed in December 2022. Real Estate/Property method of implementation to be decided
• Launch of Private Debt & Infrastructure Sub-Funds	Yes	Infrastructure and Private Debt investment programmes launched
• Launch of Private Equity Sub-Fund		Launch due Q2 (April to June) 2023
• Launch Sustainable Equities Sub-Fund		Launch due Q2 (April to June) 2023

<ul style="list-style-type: none"> Formulate the WPP's Property requirements and optimal means of implementation 	In progress	Work is progressing, currently at mandate specification stage
<ul style="list-style-type: none"> Consultation with CAs on need for further sub-funds 	Ongoing	
<ul style="list-style-type: none"> Consideration of Local Investment opportunities 	Ongoing	

Operator Services

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> Operator contract / procurement process 	In progress	Procurement work has commenced
<ul style="list-style-type: none"> Operator oversight 	Ongoing	

Investments and Reporting

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> Finalise Voting & Engagement Reporting Requirements 	Completed	
<ul style="list-style-type: none"> Formulate WPP Engagement Priorities and Implementation Framework 	Completed	
<ul style="list-style-type: none"> Review Sub-Fund mandates to ensure compatibility with WPP's Responsible Investment and Climate Risk Beliefs 	Ongoing	
<ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosures (TCFD) reporting 		Awaiting TCFD consultation response
<ul style="list-style-type: none"> Stewardship Code reporting 	Yes	2021/22 report submitted on 31 October 2022.
<ul style="list-style-type: none"> Consider additional reporting that demonstrates WPP's commitment to Responsible Investment 	Ongoing	

<ul style="list-style-type: none"> On-going Investment Manager performance reporting, scrutiny and challenge 	Ongoing	
<ul style="list-style-type: none"> Annual review of WPP's Cost Transparency Requirements 	Yes	
<ul style="list-style-type: none"> Annual performance review of WPP Sub Funds (Equity and Fixed Income) 	Yes	
<ul style="list-style-type: none"> On-going engagement with Constituent Authorities regarding minimum ESG / RI standards and their climate ambitions 	Ongoing	

Communication, Training and Reporting

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> Formulation of the WPP's Annual Responsible Investment Progress Report 	Yes	Report presented at the July 2022 JGC and published on website
<ul style="list-style-type: none"> Formulation of the WPP's annual training plan 	Yes	2023/24 training plan being taken to the March JGC for approval
<ul style="list-style-type: none"> Formulation of the WPP's Annual Update 	Yes	2021/22 Annual Update published in September 2022
<ul style="list-style-type: none"> Formulation of the WPP's Annual Report 	Yes	2021/22 Annual Report published in October 2022

Resources, budget and fees

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> Annual review of resources and capacity 	Yes	Reviewed when formulating the 2023/24 budget
<ul style="list-style-type: none"> Formulation of Annual WPP Budget 	Yes	Formulated and included in the 2023-26 Business Plan
<ul style="list-style-type: none"> Review and Monitoring of Fees (including Link & Russell) 	Ongoing	

Training Plan

Training topics to be completed during 2022–2023 as per approved 2022-2023 Training Plan and progress to date:

	Completed	Comments
• Private Market Asset Classes & the role of the Allocator	Yes – September 2022	
• Active Sustainable Equities	Yes – September 2022	
• Governance and Administration	Yes – October 2022	
• Roles and Responsibilities	Yes – October 2022	
• What RI means for the WPP	Yes – December 2022	
• Stewardship Code and TCFD Reporting	Yes – December 2022	
• Progress of other LGPS Pools	Yes – February 2023	
• Collaboration Opportunities	Yes – February 2023	

An introductory training session was also held in September 2022 for new JGC members

Budget

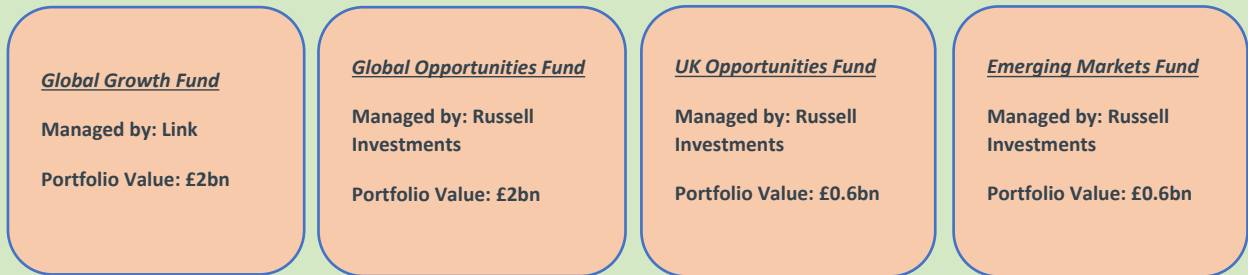
2022-2023 Budget Monitoring Report:

	Budget 2022 – 2023 £000	Forecast 2022 – 2023 £000	Variances 2022 – 2023 £000
Host Authority *	191	167	24
External Advisors *	1,206	1,097	109
TOTAL to be recharged	1,397	1,264	133
Operator Services **	33,319	33,326	(7)
TOTAL to be deducted from the NAV	33,319	33,326	(7)

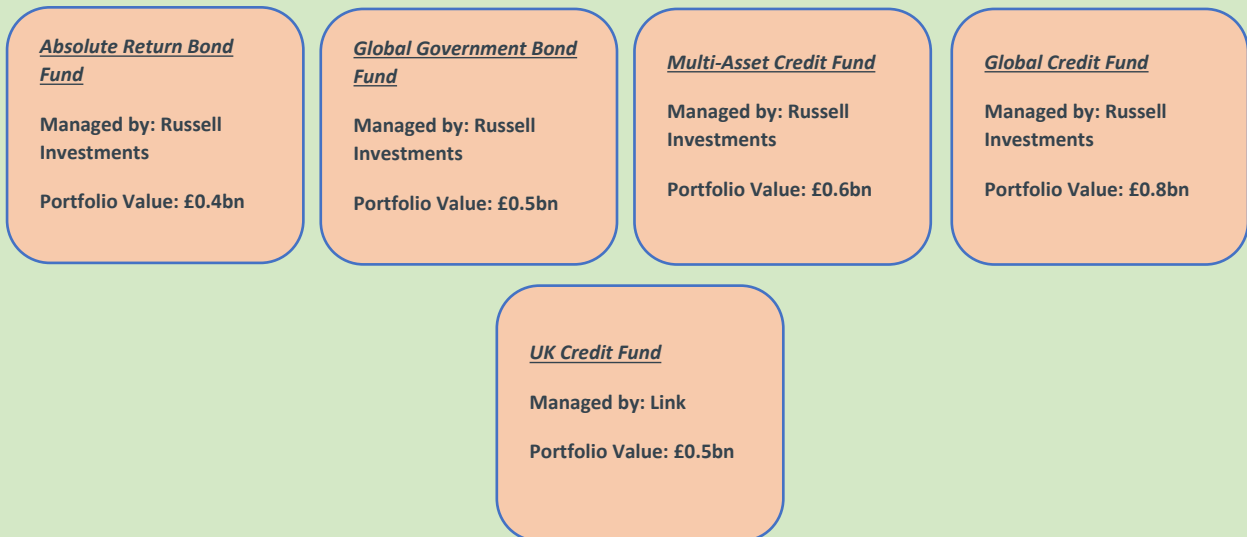
**Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

***Operator Services costs are based on each Constituent Authority's percentage share of WPP assets (held with the Operator) and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets (held with the Operator).*

Equity Sub-Funds



Fixed Income Sub-Funds



* Portfolio Values as at launch date



Wales Pension Partnership
<https://www.walespensionpartnership.org/>



WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 19 JULY 2023

SUBJECT

RISK REGISTER Q2 2023 REVIEW

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To approve the amendments to the WPP Risk Register

REASONS:

The Wales Pension Partnership (WPP) Risk Register was formulated and approved by the Joint Governance Committee (JGC) on 17 July 2020. The Officers Working Group (OWG) has carried out a quarterly review of the register, looking at the second half of the Governance and Regulation section, risks G.7 to G.14.

Report Author:
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Designation:
Director of Corporate Services

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Council**

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**EXECUTIVE SUMMARY
JOINT GOVERNANCE COMMITTEE**

DATE 19 JULY 2023

RISK REGISTER Q2 2023 REVIEW

BRIEF SUMMARY OF PURPOSE OF REPORT

The WPP has formulated a Risk Register which is the means by which risks are documented, managed and monitored. 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 initial Risk Register was approved by the JGC on 17 July 2020. The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis.

During the last quarter, a review has taken place of some of the risks within the Governance and Regulation section of the Risk Register, risks G.7 to G.14. Another risk has also been added, risk G.15. - The WPP is not prepared for the outcomes of any consultation or regulatory change. The summary sheet attached summarises the review outcomes of each risk.

The OWG has a dedicated WPP Risk Sub-Group to take ownership of the WPP Risk Register and the quarterly review of this document. The next review will take place in Q3 2023 and will focus on the Training & Resources and Communication Risks section.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
YES	NONE	NONE	NONE	NONE
Policy The Risk Register is a formal document for the Wales Pension Partnership.				







CONSULTATIONS




Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
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THESE ARE DETAILED BELOW**

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WPP Risk Register Update – July 2023 JGG

Risk	Focus of the Risk	Target Risk Score	Current Risk Score	Current Status	Responsible Party	Comments
G.7	The WPP is unable to operate efficiently or carry out its duties due to uncontrollable events.	8	8		Host Authority	<ul style="list-style-type: none"> The WPP Disaster Recovery Plan (Business Continuity Plan) is now in place.
G.8	The WPP's governance arrangements result in inefficient management and decision making.	4	4		Oversight Advisor	<ul style="list-style-type: none"> No significant updates
G.9	Difference of opinion/ or views within the WPP can not be reconciled.	10	15		OWG	<ul style="list-style-type: none"> The WPP have effective control measures in place, however it is expected that there will be further scenarios that may test this risk so the risk score will stay as 15 until these can be 'tested' against the current controls
G.10	WPP suppliers fail to deliver on their contractual commitments.	8	8		OWG	<ul style="list-style-type: none"> No significant updates
G.11	WPP suppliers fail to enact the WPP's decisions in a timely and effective manner.	8	8		OWG /Oversight Advisor	<ul style="list-style-type: none"> No significant updates
Page 67 G.12	The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions.	10	15		OWG	<ul style="list-style-type: none"> The OWG receives regular updates on the progress the Link Group sale of Link Fund Solutions and the FCA penalty/restitution payment in relation to Woodford. As at 19 April 2023, the contracts between Link and Waystone have now been signed. Provided the FCA authorise the sale and the transfer of the ACS, this is likely to be completed in late September. Waystone will then become the Operator of the WPP ACS until the end of the current contract (December 2024). Link have reached a settlement with the FCA on redress to be paid to Woodford Investors The procurement process is progressing well. Engagement days have been carried out and work is continuing to finalise the procurement documentation.

						<p>An enhanced Operator Management Information Reporting Pack is now in place with further developments ongoing.</p> <ul style="list-style-type: none"> This risk continues to be significant, and all current mitigations will continue. Other mitigations will also be considered if deemed necessary.
G.13	The WPP's confidential/ commercially sensitive data is leaked, stolen or misplaced.	10	10		OWG	<ul style="list-style-type: none"> No significant updates
G. 14	The WPP's fails to identify and take measures to remedy malpractice	5	5		OWG	<ul style="list-style-type: none"> The WPP Whistle Blowing Policy is now in place.
G.15	The WPP is not prepared for the outcomes of any consultation or regulatory change	5	10		OWG	<ul style="list-style-type: none"> This is a new risk and the current score has been based on the upcoming pooling consultation and the understanding of what that may contain. The rating will be monitored and discussed on a regular basis

Governance & Regulation Risk

Risk Detail				Current Situation	Scoring			Management and Monitoring			
Risk & Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
G.7	The WPP is unable to operate efficiently or carry out its duties due to uncontrollable events.	<ul style="list-style-type: none"> WPP Personnel and/or key suppliers are unable to carry out work due to fire, extreme weather, epidemics. Key system, IT systems, communication methods and portals fail. 	The WPP is unable to work efficiently, required work is not completed, key decisions are unable to be made. Potential financial loss to assets held within the WPP. Alongside, potential reputational risk or referral to Scheme Advisory Board, Pension Regulator or the DLUHC	<ul style="list-style-type: none"> Host Authority has business continuity/ disaster recovery plan in place. Majority of Personnel and Advisors are able to work remotely Numerous communications mechanisms in place WPP Personnel are located across several geographical locations The Constituent Authorities have their own disaster recovery policies, plan and procedures in place at local level. 	Current			👍	The Host Authority will ask the WPP's key suppliers for their disaster recovery plans to ensure that they also have sufficient procedures in place.	HA	The WPP Disaster Recovery Plan (Business Continuity Plan) is now in place.
	Financial / Reputational				WPP Personnel/ Suppliers and Advisors	4	2				
					Target						
			Short Term		4	2	8			Q2 2024	
G.8	The WPP's governance arrangements result in inefficient management and decision making.	<ul style="list-style-type: none"> Failure to account for relevant guidance in relation to good governance/ best practice. Inability to follow existing governance structure and protocols. Inefficient delegation of duties and resources. Governance structure does not allow for sufficient time/ resources and debate on key decisions and matters. 	The WPP is unable to work efficiently, required work is not completed, key decisions are unable to be made. Potential financial loss to assets held within the WPP. Alongside, potential reputational risk or referral to Scheme Advisory Board, Pension Regulator or the DLUHC	<ul style="list-style-type: none"> Governance Structure in place and codified in the Inter Authority Agreement Use of tiered governance structure to assist in the prioritisation of key decisions Oversight Advisor in place to provide advice on governance structure Engagement with relevant bodies on good governance guidance and best practice Annual resource assessment to ensure governance structure can be adhered to Ongoing review of governance structure The WPP has a governance matrix in place which clearly outlines the different roles and decision-making responsibilities within the WPP 	Current			👍	N/A	Oversight Advisor	N/A
					OWG/ JGC/ Oversight Advisor	4	1				
					Target						
	Operational / Reputational / Financial		Long Term	<ul style="list-style-type: none"> The WPP Governance Manual outlines the WPP's governance arrangements, this document is continually reviewed to ensure that WPP's governance arrangements remain fit for purpose All the WPP's key decision-making bodies or working groups have their own terms of reference The WPP's Inter Authority Agreement, which is reviewed annually, provides extensive detail on the WPP's governance arrangements The WPP's governance structure focuses on giving decision making powers to the Constituent Authorities, with the aim of ensuring that decision making continues to focus on the needs and requirements of the Constituent Authorities. 	4	1	4			Q2 2024	
G.9	Difference of opinion/ or views within the WPP can not be reconciled.	<ul style="list-style-type: none"> Different decision-making bodies are unable to come to an agreement. Conflicting interests and priorities of Constituent Authorities. Governance structure does not provide a mechanism or forum by which opinions and differences can be reconciled. Sub-optimal number of decisions makers/ opinion 	The WPP is unable to agree on key decisions leading to delays, inefficiencies and alienation or breakup of stakeholders. Potential financial loss to assets held within the WPP and/ or reputational risk.	<ul style="list-style-type: none"> High levels of communication between decision makers (and Constituent Authorities) Codified set of agreed/ united WPP objectives and beliefs Regular scheduled meetings, and ad hoc meetings if required, to facilitate the sharing and reconciliation of views (for example through the RI sub group meetings) Oversight Advisor in place to provide advice on governance structure Engagement with relevant bodies on good governance guidance and best practice Ongoing review of governance structure Democratic decision-making process in place Clear escalation process in place for obtain consent if mutual agreement cannot be reached 	Current			👎	N/A	OWG	The WPP have effective control measures in place, however it is expected that there will be further scenarios that may test this risk so the risk score will stay as 15 until these can be 'tested' against the current controls
					WPP Personnel/ Suppliers and Advisors	5	3				
					Target						
	Operational / Reputational / Financial		Medium Term		5	2	10			Q2 2024	
G.10	WPP suppliers fail to deliver on their contractual commitments.	<ul style="list-style-type: none"> Lack of a suitable supplier monitoring framework. Insufficient competition amongst suppliers. Unsuitable/ undeliverable contractual terms agreed. Poor communication with suppliers on the WPP's requirements and expectations. 	The WPP work in progress goes uncompleted or is delayed. The requirements of the WPP's stakeholders are not met. The WPP makes inappropriate decisions which could result in financial loss, inefficiencies, reputational risk.	<ul style="list-style-type: none"> Legal Advisor in place to review contractual terms and commitments Regular service delivery meetings held Regular procurement and reappointment exercises carried out to ensure competition The WPP has formulated contracts that have natural break or exit points and minimal exit fees The WPP has a shortlist of reputable replacement suppliers, via the LGPS National Framework Lots, who can step in if required The Host Authority has expertise in contract and relationship management 	Current			👍	N/A	OWG	N/A
					Oversight Advisor/ OWG	4	2				
					Target						
	Operational / Reputational / Financial		Medium Term		4	2	8			Q2 2024	
G.11	WPP suppliers fail to enact the WPP's decisions in a timely and effective manner.	<ul style="list-style-type: none"> Poor communication with suppliers on the WPP's requirements and expectations. Lack of resources at suppliers. Relevant suppliers have overwhelming and/ or conflicting priorities. Lack of engagement or attendance from relevant suppliers. Decision made are not picked up in a timely manner. 	The WPP work in progress goes uncompleted or is delayed, which could result in financial loss or inefficiencies. The requirements of the WPP's stakeholders are not met.	<ul style="list-style-type: none"> Regular service delivery meetings held to monitor ongoing performance Regular procurement and reappointment exercises carried out to ensure competition Designated Oversight Advisor in place Intensive engagement protocols with relevant suppliers The monthly WPP Practitioners meeting is a forum in which any issues can be raised and then escalated at the Pool level 	Current			👍	N/A	OWG & Oversight Advisor	N/A
					Oversight Advisor/ OWG	4	2				
					Target						

	Operational / Financial			Medium Term	<ul style="list-style-type: none"> The addition of sub-groups to the WPP's governance arrangements has create additional forums in which the WPP has more time to challenge and follow up with suppliers 	4	2	8			Q2 2024	
G.12	The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions.	<ul style="list-style-type: none"> Operator is not adequately resourced. Operator does not put sufficient performance/risk reporting systems in place. The Operator does not have the resources/ expertise to carry out Manager monitoring, fee negotiations, facilitate vehicles & establishment services. The Operator does not put in place sufficient checks and balances to ensure compliance with all relevant regulations. The Operator lacks the ability or regulatory approval to provide Depositary and Custody services (via ACS). Insufficient monitoring of appointed entities for fund administration & transfer agency (Northern Trust). The Operator fails to put in place suitable Risk Management (RM), including: RM policy, procedures and mitigation strategies. The Operator is not adequately resourced to provide adequate relationship management and service delivery. 	The WPP assets held within the Operator ACS are put at risk. A number of the WPP's contracts are broken, as these are currently mandated via the Operator. The WPP is unable to work efficiently, required work is not completed, sub-funds are unable to be managed or launched.	Oversight Advisor/HA/OWG/ Legal Advisor	<ul style="list-style-type: none"> Designated Operator Oversight Advisor in place Intensive engagement protocols with Operator Operator Oversight Framework currently in development Engagement with the wider Operator market (and other suitable suppliers) is built into the WPP business plan The WPP has formulated contracts that have natural break or exit points and minimal exit fees The WPP has put in place an Operator Workplan to monitor the various workstreams relating to Operator Oversight The FCA maintains a list of replacement ACS Operators which could step in if the WPP's Operator were to exit the market <ul style="list-style-type: none"> The process for Operator procurement has commenced 	Current			👎	The OWG is continuing to monitor any developments in relation to the Link sale, and the FCA penalty/restitution payment in relation to Woodford. The OWG recognises the resource strain these items place on the Operator. The Host Authority, with support from its Oversight Advisor, is continuing to have regular review meetings with the Operator and will provide regular verbal and written updates to Constituent Authorities.	OWG	The OWG receives regular updates on the progress the Link Group sale of Link Fund Solutions and the FCA penalty/restitution payment in relation to Woodford. As at 19 April 2023, the contracts between Link and Waystone have now been signed. Provided the FCA authorise the sale and the transfer of the ACS, this is likely to be completed in late September. Waystone will then become the Operator of the WPP ACS until the end of the current contract (December 2024). Link have reached a settlement with the FCA on redress to be paid to Woodford Investors
	Financial / Operational		Short Term		5	3	15	Target				
Risk Detail					Current Situation	Scoring						
Risk & Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments	
G.13	The WPP's confidential/ commercially sensitive data is leaked, stolen or misplaced.	<ul style="list-style-type: none"> Lack of adequate procedures. Insufficient knowledge of best practice A lack of suitable systems and IT solutions to facilitate and assist in the storing and maintenance of confidential/ commercially sensitive data Misunderstanding if a piece of information is confidential/ commercially sensitive Not clearly stating which audience can see certain confidential/ commercially sensitive data Failure to clearly label information as being confidential/ commercially sensitive 	The WPP faces financial losses as a result of other external parties act on data which they should not have sight or access too. There is also the risk that this data breach results in a negative reputational impact to the WPP.	<ul style="list-style-type: none"> Ongoing training Appropriate level of expertise in place at Host Authority The WPP asks and check what procedures and security measures the CA have in place a local level The WPP will clearly identify documents/ emails and other materials which contain confidential/ commercially sensitive data When confidential/ commercially sensitive data suitably secure methods of information sharing are used The sharing and distributions of confidential/ commercially sensitive data is limited in all instance and is only done so if absolutely essential External advisors and provider are informed and expected to follow the WPP's own procedures in relation to this matter 	Current			👍	N/A	OWG	N/A	
	Financial/ Reputational		Medium Term		5	2	10					Target
G.14	The WPP's fails to identify and take measures to remedy malpractice	<ul style="list-style-type: none"> Failure to encourage a culture of openness in which personnel feel comfortable to flag any potential cases of malpractice Not having suitable mechanisms in place to protect any member of personnel, who reports a potential issue, from victimisation or unfair prosecution An inability to adhere to an effective Whistleblowing Policy. Lack of adequate procedures Insufficient knowledge of best practice Poor or insufficient communication mechanisms Not allocating enough time or resources to the investigation of potential malpractice 	The WPP is negatively impacted by malpractice which may include fraud, corruption, illegal activities or unethical behaviour. The malpractice may result in financial losses, fines, legal action or negative reputational impacts.	<ul style="list-style-type: none"> The WPP has adopted a governance framework with several checks and balances which are designed to limit the potential for malpractice to occur Multiple means of communication are in place within the WPP with a view to encouraging information sharing and the ability to flag any potential concerns Monitoring officer in place at the Host Authority The WPP has a Conflict or Interest Policy in place 	Current			👍	N/A	OWG	The WPP Whistle Blowing Policy is now in place.	
	Financial/ Reputational		Short Term		5	1	5					Target
G.15	The WPP is not prepared for the outcomes of any consultation or regulatory change	<ul style="list-style-type: none"> Failure to be aware of upcoming consultations or regulatory change Failure to identify possible outcomes and implications Failure to leverage existing relationships to 'lobby' government around proposed changes 	The WPP is negatively impacted by the outcomes of any government consultation or regulatory change	<ul style="list-style-type: none"> Respond to consultations, seeking advice where required Consider possible consultation outcomes and undertake preparatory actions Maintain engagement with key individuals and organisations to ensure early notification of any change Maintain engagement with the Welsh Government, especially around consultations on pooling and associated mechanisms 	Current			👎	Actions will depend on the consultation or regulatory change	OWG	This is a new risk and the current score has been based on the upcoming pooling consultation and the understanding of what that may contain. The rating will be monitored and discussed on a regular basis.	
	Financial/ Reputational		Long term		5	2	10					Target

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WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 19 JULY 2023

SUBJECT

ANNUAL POLICY REVIEWS

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To approve the updated:

- **Climate Risk Policy**
- **Voting Policy (*Stewardship Policy*)**

To note the RI and Climate Risk Annual progress update

REASONS:

The current Climate Risk Policy was approved by the JGC in July 2020 and the Voting Policy in December 2020, both policies were last reviewed in July 2022. An annual review of these policies has taken place and the updated policies require approval by the JGC.

Also, Hymans have undertaken a review of the work completed in line with the commitments set out in the RI Policy and Climate Risk Policy. They have also provided an assessment of the progress the WPP has made during the 12 months to 31 March 2023 and the proposed areas for future focus.

Report Author:
Chris Moore

Designation:
Director of Corporate Services

**Carmarthenshire County
Council**

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EXECUTIVE SUMMARY
JOINT GOVERNANCE COMMITTEE
DATE 19 JULY 2023

ANNUAL POLICY REVIEWS

BRIEF SUMMARY OF PURPOSE OF REPORT

The Wales Pension Partnership (WPP) has approved several policies / plans which are to be reviewed on an annual basis. This quarter, the OWG have undertaken an annual review of the:

- Climate Risk Policy
- Voting Policy (*Stewardship Policy*)

The Climate Risk Policy sets out WPP's approach to addressing the requirements of the Constituent Authorities with regard to climate related risks and the monitoring of these risks. The OWG has undertaken an annual review of this policy and amended it to be in keeping with the goals of the Paris agreement (point 28).

In December 2020, the JGC approved for the WPP to adopt Robeco's Voting Policy. This policy has been reviewed by the RI sub-group and it is proposed that WPP continues to adopt Robeco's House Voting Policy. Robeco reviews and updates their Voting Policy on a periodic basis to ensure that it represents prevailing best practice and the OWG believes that the principles embedded in the Robeco House Voting Policy appropriately reflect the objectives of the WPP. In July 2022, a short "WPP specific" voting policy was developed, setting out the WPP's policy on proxy voting. This policy has now been updated as an overall Stewardship Policy to better reflect WPP's stewardship (voting and engagement) aims and practices, including the development of an escalation policy, when enhanced engagement has failed.

Hymans have also provided an assessment of the progress the WPP has made during the 12 months to 31 March 2023 in relation to Responsible Investment and Climate Risk, highlighting some of the key areas. This report also details some areas where work had not progressed over the year and potential areas for activity/improvement over 2023/24.

If approved, these policies will be updated on the WPP website.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities YES	Legal NONE	Finance NONE	Risk Management Issues NONE	Staffing Implications NONE
Policy The Climate Risk Policy and Voting Policy are formal documents of the Wales Pension Partnership.				

CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Wales Pension Partnership DRAFT Climate Risk Policy

Introduction

- 1 The Wales Pension Partnership (“WPP”) is the pooling arrangement for the assets of the eight Welsh Local Government Pension Scheme Funds (“Constituent Authorities”).
- 2 The investment arrangements of WPP are overseen by the Joint Governance Committee (“JGC”) and supported by the Officer Working Group (“OWG”), and implemented through a range of Sub-Funds managed by its Investment Managers.
- 3 WPP recognises that climate change represents a material financial risk to its stakeholders, the Constituent Authorities. Climate change has the potential to disrupt economic, financial and social systems.
- 4 WPP is aware that climate change may result in mispriced assets and unique investment opportunities. WPP believes that its adherence to responsible investment policies and climate risk mitigation strategies will mean that its Constituent Authorities are well placed to identify and benefit from these potential investment opportunities.
- 5 The potential impact of climate change on WPP’s Constituent Authorities and their internal stakeholders (Scheme Members and Employers) is unknown, given policy uncertainty and the unknown physical impacts that may result from climate change. Risks to the Constituent Authorities arising from climate change include, but are not limited to:
 - 5.1 Physical risks: such as damage to property from flooding or lower precipitation giving rise to crop failure. Such impact could be felt directly by Constituent Authorities or through the impact on returns delivered to Constituent Authorities via investments in WPP Sub-Funds;
 - 5.2 Transition risks: the financial risks arising from changes in policy and technology to adjust to a lower-carbon economy and the extent to which these flow through to the returns delivered to Constituent Authorities via investments in WPP Sub-Funds;
 - 5.3 Liability risks: the potential costs arising from parties who have suffered loss or damage due to climate change seeking compensation from those they hold responsible.
- 6 This policy sets out WPP’s approach to addressing the requirements of the Constituent Authorities in regard to climate-related risks and the monitoring of these risks.
- 7 This policy will be reviewed by WPP on an annual basis and, if necessary, changes to the policy will be proposed to and agreed by the JGC and OWG. As part of the annual review process, WPP will take account of the evolving risk to and requirements of the Constituent Authorities.
- 8 This policy will have regard to the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and any relevant guidance provided by the Scheme Advisory Board, the Department of Levelling Up, Housing and Communities and the Intergovernmental Panel on Climate Change. The policy will note Welsh Government guidance and the Well-being of Future Generations (Wales) Act 2015.
- 9 In maintaining and acting on this policy, the WPP will have an ongoing dialogue with its Operator, Investment Managers, Voting and Engagement Provider (“V&E Provider”) and Oversight Advisor. The WPP will also seek input from third parties where appropriate.

Beliefs

- 10 WPP has a set of climate-related beliefs, which underpin its approach to dealing with the potential risk arising from climate change and the investment solutions it provides to the Constituent Authorities to facilitate the management of their climate-related risks. WPP's beliefs are as follows:
 - 10.1 Climate-related risks are systemic in nature, and have the potential to impact the investment return from all asset classes and sectors to varying degrees. Such impact may be positive or negative.
 - 10.2 A greater public understanding of climate-related risks, alongside government commitments, are likely to trigger a low-carbon transition that will present numerous compelling investment opportunities for investors, such as WPP's Constituent Authorities, who are well informed on climate risk matters, and able to effectively manage and mitigate transition risk.
 - 10.3 It is incumbent on WPP to identify potential sources of climate-related risks in the development of any Sub-Fund and/or the procurement of any service from providers, and, where necessary, seek to ensure such risks are appropriately managed and communicated to stakeholders.
 - 10.4 WPP has appointed a specialist V&E Provider to directly engage with investee companies on a range of issues, including climate risk, climate risk disclosures and transition plans, to enhance the long-term value of the Constituent Authorities' investments within WPP.
 - 10.5 As part of its role, WPP's V&E Provider collaborates with other asset owners to maximise the effectiveness of WPP's engagement activities. WPP believes that collaboration with other asset owners and its Investment Managers can be an effective method for amplifying its voice with investee companies and raising awareness of climate-related issues.

Objectives

- 11 WPP's objective in preparing and implementing this policy is to:
 - 11.1 demonstrate to its stakeholders that WPP takes account of climate change and the climate-related risk associated with it;
 - 11.2 clearly outline its role and responsibilities in relation to carrying out ongoing consultation with the Constituent Authorities and facilitating investment offerings that enable each Constituent Authority to implement their own climate risk policy, and climate-related targets and ambitions; and
 - 11.3 formally outline the actions that WPP will be held accountable for by its stakeholders.
- 12 The Constituent Authorities are responsible for their own investment strategy, including their own Climate Change/ Risk Policy. WPP is not involved in formulating, nor will it seek to influence, the climate change objectives or commitments that each Constituent Authority has made a local level.
- 13 WPP's role is to consult with each Constituent Authority in relation to their climate objectives, on at least an annual basis, and to fully understand what implementation solutions they require to meet their objectives and commitments.
- 14 Following its consultation with each Constituent Authorities, WPP will endeavour to develop and facilitate investment solutions that enable each and every Constituent Authority to achieve their climate objectives and commitments.
- 15 Where possible, WPP and its Constituent Authorities will seek to collaborate and work together to develop investment solutions that meet the climate objectives and commitments of all the Constituent Authorities.

- 16 If unified and collaborative investment solutions that simultaneously meet the objectives and requirements of all the Constituent Authorities cannot be developed, WPP will work with any Constituent Authority to develop tailored investment solutions that will enable them to achieve their own local objectives and requirements.
- 17 The Constituent Authorities are aware that there may be additional costs, or reduced fee savings, associated with WPP's facilitation of these tailored investment solutions, and have signalled their willingness to bear the costs to ensure that they are able to meet their local-level objectives and requirements.
- 18 On an annual basis WPP, will assess whether its consultation exercise with the Constituent Authorities has identified a common climate-related objective that all Constituent Authorities are willing to support. If unanimous support can be obtained, from all eight Welsh Constituent Authorities, WPP will seek to adopt this climate related objectives as WPP's 'Climate Goal' and incorporate it across all WPP Sub-Funds.
- 19 WPP's Climate Goal will be regularly reviewed, following consultation with the Constituent Authorities, and will always be driven by the collective requirements and objectives of the Constituent Authorities. If WPP's consultation exercise with the Constituent Authorities fails to identify a common climate-related objective that all Constituent Authorities are willing to unanimously support, then no WPP Climate Goal will be formulated until there is unanimous support for a given Climate Goal.

Strategy

- 20 WPP recognises that all assets have some level of exposure to climate-related risks, particularly transition risks, but that sector, geography, policy uncertainty and investment timeframes are key determinants of climate risk exposure.
- 21 Recognising its current investment arrangements and offerings, WPP's immediate focus will be on climate-related risk exposure within its equity and fixed-income holdings. WPP will, however, consider climate-related risks in other asset classes when circumstances allow or require them to do so. WPP will endeavour to provide climate risk solutions across all of its Sub-Funds, including private-market assets.
- 22 WPP recognises the importance of monitoring exposure to climate-related risks in different ways. One way WPP facilitates this is by monitoring the carbon risk exposure of each Sub-Fund to ensure that the Constituent Authorities have all available information at their disposal. WPP receives regular Climate Risk Monitoring Reports for its Equity and Fixed-Income Sub-Funds. WPP will continue to explore and investigate market developments that enhance its ability to assess climate risk exposures within its Sub-Funds.
- 23 WPP recognises the merits of undertaking scenario analysis on the potential economic impact of climate-related risks and articulating the findings of said analysis to the Constituent Authorities. However, WPP notes that this is an evolving area and such analysis is in its infancy. WPP will endeavour to facilitate climate scenario analysis across assets held within WPP to ensure that the Constituent Authorities are aware of the potential climate risks within WPP Sub-Funds.
- 24 WPP recognises that training and education is critical to achieving good outcomes for its stakeholders, and will allocate resources to ensure that it undertakes regular training and education on climate risk. WPP has committed to hosting at least one annual climate risk-related training session for its stakeholders. WPP carries out an annual training-needs identification exercise, in conjunction with the Constituent Authorities; this is the mechanism by which WPP gauges the climate-risk training requirements of its stakeholders.

Implementation

- 25 WPP's approach to manager selection is set out in its Responsible Investment Policy. WPP's Sub-Fund Investment Managers have delegated responsibility for challenging managers on their approaches to the consideration of climate risk as part of its manager selection process.
- 26 WPP expects its Investment Managers to ensure that all underlying active managers integrate the consideration of climate-related risks into their investment process and to regularly challenge underlying managers to evidence their approach.
- 27 WPP will work with its Investment Managers to ensure that they account for and integrate climate-related risks into their investment processes. WPP considers the effective management of climate-related risks to be a key criterion in any Investment Manager appointment and understands that each Investment Manager will have its own means of integrating climate-related risk into the investment process. WPP, on at least an annual basis, will review each of its Investment Managers' approach to Climate Risk integration.
- 28 WPP's stewardship strategy is set out in its Responsible Investment Policy. WPP will emphasise the importance of engagement on climate-related risks through its V&E Provider. In particular, WPP will encourage its V&E Provider to engage with investee companies on climate-related issues, including an increase in the disclosure on climate-related risks by companies to investors and on the formulation of transition plans aligned with the goals of the Paris Agreement.
- 29 WPP has a Voting Policy and a set of Stewardship Themes in place that will outline how it will use its voting rights and engagement activities to influence investee companies. WPP's V&E Provider is responsible for enacting these policies on behalf of WPP.

Monitoring and reporting

- 30 WPP monitors exposure to climate-related risks within its Sub-Funds on a quarterly basis. The metrics monitored include, but are not limited to, exposure to fossil fuel producers, carbon emissions and carbon intensity. WPP will monitor changes in market practice to ensure that WPP is fully aware of changing best practice.
- 31 In addition to its own reporting, WPP will require its Investment Managers to provide monitoring on climate-related risk exposure in their quarterly reports to WPP and the Constituent Authorities. As noted above, WPP expects its equity and fixed-income Investment Managers to provide this monitoring, with the expectation that its non-equity Investment Managers will provide this information as soon as Sub-Fund launches and market developments allow.
- 32 WPP's V&E Provider is responsible for producing quarterly and annual reports on WPP's voting and engagement activities. These reports evidence how WPP has used engagement and voting to manage its climate-related risk.
- 33 WPP will report in line with the requirements of the Task Force on Climate-related Financial Disclosures ("TCFD"), as part of any regulatory obligations, including a report on the actions taken in fulfilment of this policy, and will support the Constituent Authorities in their own TCFD reporting.

Transparency

- 34 WPP will encourage, through its V&E Provider and Investment Managers, all investee companies to disclose in line with the requirements of the TCFD.

Wales Pension Partnership Stewardship Policy

1 Introduction

- 1.1 The Wales Pension Partnership (“WPP”) is the pooling arrangement for the assets of the eight Welsh Local Government Pension Scheme funds (“Constituent Authorities”).
- 1.2 The investment arrangements of WPP are overseen by the Joint Governance Committee (“JGC”) and supported by the Officer Working Group (“OWG”), and implemented through a range of Sub-Funds managed by its Investment Managers. Responsibility for the scrutiny of stewardship practices is delegated to the WPP Responsible Investment Sub-Group (“RI Sub-Group”).
- 1.3 This document sets out the WPP’s policy on stewardship, including engagement activity and proxy voting in respect of all assets invested within the WPP Sub-Funds. This policy has been developed by the WPP in consultation with the Constituent Authorities and taking advice from its advisers, and appointed Voting and Engagement Provider (“V&E Provider”).
- 1.4 WPP has appointed Robeco as its V&E Provider. The role of the V&E Provider is to:
- Provide input to the WPP on the development of a suitable Stewardship Policy;
 - Work with the WPP to understand the WPP’s and Constituent Authorities’ priority themes for voting and engagement, and ensure that these are reflected in the work undertaken by Robeco on behalf of the WPP;
 - Undertake proxy voting on all available shares held within WPP Sub-Funds, in line with WPP’s policy on stock lending;
 - Undertake engagement with companies held within WPP Sub-Funds and pooled passive mandates to achieve the engagement objectives on behalf of WPP;
 - Report quarterly on voting and engagement activity undertaken on behalf of WPP;
 - Discuss with the RI Sub-Group and other parties the voting and engagement activity undertaken on behalf of the WPP.

2 Voting

- 2.1 The WPP recognises that Robeco maintains a house voting policy (“Robeco House Voting Policy”). The WPP further recognises that Robeco reviews and updates this Robeco House Voting Policy on a periodic basis to ensure that it represents prevailing best practice.
- 2.2 The WPP has reviewed the Robeco [House Voting Policy](#) and believes that the principles embedded in the Robeco House Voting Policy appropriately reflect the objectives of the WPP. The WPP has therefore instructed Robeco to vote all shares held in WPP Sub-Funds in line with the Robeco House Voting Policy.
- 2.3 Robeco maintains a system of voting notifications whereby the rationale for potentially significant or contentious votes are shared with WPP prior to voting. As far as able, WPP will review these votes individually and, accordingly, instruct Robeco on how to vote.

- 2.4 The WPP is a member of the Local Authority Pension Fund Forum (“LAPFF”). Where the LAPFF issues voting alerts, the WPP has instructed Robeco to consider the substance of the voting alert before casting votes on behalf of the WPP although Robeco retains responsibility for the final decision on any vote. Where a vote cast is out of line with the LAPFF voting alert, the WPP requires Robeco to provide an explanation of the difference.

3 Stewardship Themes

- 3.1 The WPP will maintain a set of ‘Stewardship Themes’ covering topics that are particularly relevant to the WPP’s beliefs and objectives. The purpose of setting Stewardship Themes is threefold:
- to ensure the WPP can more readily scrutinise voting and engagement activity carried out on its behalf;
 - to ensure that the issues of concern to WPP have been fully communicated to its V&E Provider and Investment Managers; and
 - to ensure that the exercise of stewardship achieves the desired outcome.
- 3.2 The WPP will consult with the Constituent Authorities on an annual basis to consider emerging issues that should be reflected in the WPP’s Stewardship Themes.
- 3.3 The WPP will make the V&E Provider and its Investment Managers aware of its Stewardship Themes. The WPP will use the Stewardship Themes on an ongoing basis to scrutinise the activity of the V&E Provider and Investment Managers, to ensure that stewardship outcomes remain in line with expectations and to identify any potential areas of concern.
- 3.4 The WPP will report on activity undertaken against the Stewardship Themes on an ongoing basis, including annually within its Stewardship report.

4 Review of Stewardship Policy

- 4.1 This policy will be formally reviewed by the OWG on an annual basis and, if necessary, changes to the policy will be taken to the JGC for approval.
- 4.2 WPP recognises that Robeco’s House Voting Policy is reviewed and updated on a periodic basis. The RI Sub-Group will review any changes to the House Voting Policy, and will report any material areas of concern to the OWG and JGC.
- 4.2.1 In the event that there are no material areas of concern, the RI Sub-Group will instruct Robeco to apply the updated House Voting Policy with immediate effect.
- 4.2.2 In the event that there are areas of material concern, the RI Sub-Group will instruct Robeco to maintain the prevailing House Voting Policy. The WPP will then engage with Robeco and determine what action may be taken.
- 4.3 Where WPP identifies any WPP-specific area of interest through its engagement with Constituent Authorities, the RI Sub-Group will consider and agree whether such issue should be raised with Robeco. Where such issue is agreed, WPP will set out its position to Robeco and request that such issue be reflected in the ongoing development of the Robeco House Voting Policy.

5 Monitoring/reporting of stewardship activity

- 5.1 The RI Sub-Group is responsible for the oversight and monitoring of stewardship carried out by the V&E Provider and the WPP's Investment Managers, and if required, to challenge the V&E Provider and Investment Managers to understand the stewardship activity undertaken on WPP's behalf.
- 5.2 WPP will receive a report on all stewardship activity, including details of any votes that have not been cast and explanations where votes have not been cast in accordance with the agreed principles on a quarterly basis. WPP will discuss any issues of concern with its V&E Provider, Investment Managers or other delegates as necessary.
- 5.3 The WPP will report on stewardship activities each quarter to each of the Constituent Authorities.

6 Escalation

- 6.1 While WPP has not adopted a policy of exclusion within its investment arrangements generally, WPP believes the process of stewardship should not be without consequence, particularly where issuer engagement is unsuccessful. WPP will endeavour to develop an escalation strategy, in conjunction with its V&E Provider, Investment Managers, Constituent Authorities and other delegates, to consider what steps should be taken in instances of failed engagement.

7 Further information

- 7.1 If you require any further details on the WPP Stewardship Policy, please contact WalesPensionPartnership@carmarthenshire.gov.uk and refer to the WPP website.

June 2023

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RI and Climate Risk Policies: annual progress update

Overview

The purpose of this paper is to review how the WPP has progressed towards fulfilling commitments made in its Responsible Investment and Climate Risk policies over the year to 31 March 2023. The paper also identifies areas for future activity.

This paper should be regarded as “**Tier 4: Monitoring & Review**” in terms of the WPP governance framework.

This paper should not be released or otherwise disclosed to any third party without our prior written consent except as required by law or regulatory obligation. We accept no liability to any other party unless we have especially accepted such liability in writing.

Actions (for agreement, discussion or noting)

The Officers are asked to discuss the progress made over the year and note the proposed areas for future focus.

Time Allocation: 20 Minutes

Background

The Wales Pension Partnership’s (WPP) Joint Governance Committee (JGC) has formally approved both the WPP Responsible Investment (RI) Policy and Climate Risk Policy. These policies are representative of the broad range of investment beliefs within the Pool, are ambitious in nature and reflective of WPP’s desire to be a leader in RI. During this year, the WPP and Constituent Authorities (CAs) have worked to implement and deliver the various policy commitments.

Hymans carried out an annual review of the RI policy in October 2022, which was formally approved by the JGC in December 2022. Some updates were made to the policy, most notably the addition of a section on human rights and the extension of the voting policy to the passive mandates, but the review was overall light touch. To note, since 2022, it has been agreed that a full in-depth policy review, which will take a more granular look at the suitability of the policy and the commitments therein, would take place every three years.

To note, a similar light-touch review of the Climate Risk Policy was undertaken in April 2022 and formally approved by the JGC in July 2022.

While the next in-depth review of the RI Policy is due to take place in 2023, we would propose that the in-depth reviews of both the Climate Risk and RI Policies are undertaken coincidentally in April 2024.

Progress against commitments

Appendix 1 provides an assessment of the progress the WPP has made towards delivering on the commitments in its RI Policy during the 12 months to 31 March 2023. Appendix 2 covers a similar assessment for commitments under the Climate Risk Policy. We note that in the vast majority of areas, progress has continued to be made against the policy commitments.

Conclusions

The WPP continues to make positive progress against each of the policy commitments it has made although, as expected, there remain areas for improvement. We have highlighted a number of areas where change in policy could be considered.

We look forward to discussing this with you.

Prepared by:

Simon Jones, Partner

Rachel Barrack, Senior RI Analyst

For and on behalf of Hymans Robertson LLP

May 2023

Appendix 1: Progress against RI Policy commitments

Ref	Commitment/ Policy Statement	Update/ Comment	RAG
Investment Strategy			
3.3	WPP will consult with Constituent Authorities on at least an annual basis to determine their individual investment requirements and longer- term aspirations.	<p>Over 2022, work was put in place to launch the Sustainable Active Equity Sub-Fund (see below).</p> <p>The WPP began work on an all-Wales climate report (AWCR), which will provide the basis for future discussions on net-zero ambitions and journey planning. This report is expected in Q2 2023.</p> <p>WPP should consider the frequency of consultation set out in its policy. While dialogue allows for ongoing feedback, formal consultation could be reduced to being triennial.</p>	●
3.4	The WPP will consider opportunities arising from a greater understanding of ESG factors.	<p>The WPP has considered ESG factors and impact investments as an integral part of its Private Markets Sub-Funds. Renewable energy is a key component of the infrastructure offering.</p> <p>The RIWG has worked with Russell in the development of the Sustainable Active Equity Sub-Fund, which is now expected to launch by Q3 2023.</p> <p>WPP has provided training to the JGC and officers around RI and ESG factors, to provide them with greater knowledge and understanding.</p> <p>As the WPP is now close to having an initial suite of funds, consideration should be given as to how existing fund offerings could be evolved. One potential evolution may lie in passive offerings.</p>	●
Climate change			
4.3	WPP will engage with its providers to ensure that a common mechanism for monitoring climate-related risks can be developed in respect of all WPP assets.	<p>The WPP monitors climate risk through quarterly climate & ESG risk deep-dives into WPP's active Sub-Funds. Each fund is considered at least on an annual basis. Russell currently also reports on climate risks within Russell-managed Sub-Funds on a quarterly basis.</p> <p>The WPP started work on higher-level quarterly</p>	●

		reporting for all Sub-Funds, which will incorporate standard climate metrics. The AWCR is also expected to promote greater dialogue on climate issues.	
4.4	WPP will encourage, through its delegates, all investee companies to disclose in line with the requirements of the TCFD.	<p>Engagement activity is carried out via Robeco and Russell. WPP has highlighted this requirement to Robeco through its stewardship themes.</p> <p>Robeco incorporate expectations around TCFD disclosures within a number of their climate-related engagement themes. Further, expectations on reporting are embedded into voting policy.</p> <p>WPP could seek to understand when voting policy has been exercised to drive climate disclosures.</p>	●
Human rights			
5.3	WPP will endeavour to identify and engage organisations on human rights issues both through WPP's membership of LAPFF and via the engagement activity undertaken by WPP's V&E Provider.	This engagement activity will be carried out via Robeco, LAPFF and WPP's Investment Managers. Over 2022, WPP specifically engaged on concerns around the Occupied Palestinian Territories.	●
5.4	The WPP will report on how engagement activity undertaken by its delegates has addressed human rights issues on an annual basis.	<p>Reporting on human rights engagements is carried out on a quarterly basis, via Robeco reporting.</p> <p>WPP will also incorporate reporting on human rights engagement through its ongoing quarterly reporting to CAs</p>	●
Implementation of strategy			
7.1, 7.3	<p>The WPP expects that all the investment managers employed within WPP will properly consider climate-related and other ESG risks in decision-making within their respective portfolios.</p> <p>WPP will engage with its Investment Managers on an ongoing basis to ensure that ESG factors are transparently reflected in decision making processes and that the approach taken to the management of ESG factors can be properly evidenced.</p>	<p>Link/ Russell, as part of their manager selection process already evaluates how managers integrate climate-related and other ESG risks into their decision-making.</p> <p>The RIWG is responsible for monitoring Russell and underlying Investment Managers on the extent to which they have integrated climate risk & ESG consideration into the portfolios that they run for WPP.</p> <p>The RIWG receives climate risk and ESG reports from their advisors, which monitors the activity of its Investment Managers.</p>	●

7.2	WPP expects that, in all relevant circumstances, its Investment Managers will be signatories to the Principles for Responsible Investment (“PRI”) and the Financial Reporting Council (“FRC”) UK Stewardship Code.	WPP receives an annual update from Russell on compliance of its underlying managers with market standards alongside Russell’s own assessment of these managers. Details from this assessment are included in the Stewardship Code report.	●
Stewardship, voting & shareholder engagement			
8.4	WPP will engage with its passive Investment Manager and V&E Provider to consider how WPP’s Voting Policy can be extended to assets managed by its passive Investment Manager.	WPP has discussed its Stewardship Themes with BlackRock. Discussions have been had on specific themes (e.g. human rights) over the year but WPP’s Voting Policy has not yet been extended to cover passive mandates.	●
8.5	WPP will receive a report on all voting activity, including details of any votes which have not been cast and explanations where votes have not been cast in accordance with the agreed principles on a quarterly basis. WPP will discuss any issues of concern with its V&E Provider, Investment Managers or other delegates as necessary.	Quarterly voting reports are received from Robeco. A review of the voting reports is undertaken and matters of interest discussed by the RIWG. The WPP has regular dialogue with Robeco on voting matters and Robeco regularly present to WPP Committees. WPP also actively engages with Robeco prior to any significant votes and considers how these are taken in line with LAPFF recommendations.	●
8.6	WPP will review the voting policy in conjunction with its V&E Provider, advisers, and Investment Managers on an annual basis.	The WPP has implemented its own voting policy and published this during the year. The WPP may in due course want to consider updating its RI policy to directly reference the voting policy. Voting follows Robeco’s house policy and is applied across all WPP’s Active Equity Sub-Funds. WPP has reviewed the Robeco House voting policy during the year and determined that this remains aligned with the WPPs objectives.	●
8.12	WPP will receive reporting on any engagement undertaken by its Investment Managers on an annual basis.	WPP receives reporting on engagement activity on a quarterly basis. WPP has worked to ensure engagement activity can be separated by sub-fund. These reports are reviewed on a quarterly basis and matters of interest are raised with Robeco as necessary. WPP raises any issues of concern with other managers as necessary, including passive funds.	●

Stock lending			
8.8, 8.9	<p>WPP will not lend 100% of the holding in any single stock, so WPP can express its views and make a policy stance on any topic it deems worth through its right to vote.</p> <p>WPP will continue to monitor the impact of this policy stance over time and revise its policy if required.</p>	<p>WPP has had a number of discussions on the impact of this policy over 2022.</p> <p>Further consideration of the evolution of this policy is expected over the course of 2023, including how this policy will be applied to the Sustainable Active Equity Sub Fund.</p>	●
Collaboration			
9.1	<p>In conjunction with its V&E Provider, WPP will continually assess potential collaboration opportunities, and will inform and seek input from the CAs on any such opportunity that it deems to be relevant.</p>	<p>Work on collaboration opportunities is generally undertaken through Robeco, Russell and LAPFF.</p> <p>It would be beneficial for WPP to consider how it can better feed into identifying and assessing opportunities.</p>	●
9.3	<p>In conjunction with its V&E Provider, WPP will seek to identify investor-led RI initiatives and collaborations that can be actively supported.</p>	<p>WPP has not explicitly identified any investor-led initiatives for support over the year.</p> <p>Consideration should be given as to whether this remains a reasonable ongoing commitment or whether such support should be driven by WPP's delegates. WPP should explicitly consider initiatives linked to its Stewardship Themes.</p>	●
8.4	<p>WPP will encourage underlying Investment Managers to participate in or support collaborative engagements where it is deemed to be in the best overall financial interests of CAs.</p>	<p>Russell participates in a number of industry collaborations that meet the interests of WPP. These include the Net Zero Asset Managers Initiative, Institutional Investors Group on Climate Change and Climate Action 100+, as well as a collaborative-engagement partnership with Sustainalytics.</p> <p>In developing the Sustainable Active Equity Sub-Fund, the WPP ensured that the underlying managers all have net zero commitments in place, aligning with the objectives of the Sub-Fund.</p> <p>Given the development of private market Sub-Funds and the broadening number of underlying managers, WPP's focus should primarily be on its direct relationships. Amending this policy commitment may be sensible.</p>	●
9.5	<p>WPP will continue to collaborate with the cross-pool RI collaboration project at any suitable opportunity.</p>	<p>WPP is represented on the cross-pool RI group and updates are regularly provided to the RIWG on ongoing activity.</p>	●

Monitoring, Reporting and Measurement			
10.1	In consultation with CAs, Advisers and Investment Managers, WPP has developed appropriate monitoring metrics for existing portfolios and will continue to agree appropriate metrics in respect of all new portfolios. WPP will require Investment Managers to include such metrics in their quarterly reporting to CAs.	<p>The RI Sub-Group has established a process for receiving Sub-Fund 'deep dive' ESG and climate risk reports, provided by its adviser. These allow the WPP to see how each Sub-Fund and underlying manager perform from climate and ESG perspectives.</p> <p>Additional monitoring has been deemed appropriate for the launch of the Sustainable Active Equity Sub-Fund. WPP receives quarterly reporting from Russell on a quarterly basis, which includes climate and ESG risk metrics, for all Russell-managed Sub-Funds.</p> <p>A quarterly reporting regime is currently in development per Sub-Fund, which will incorporate climate and ESG metrics. This is being rolled out in Q2 2023.</p>	●
10.3	WPP requires that the RI credentials of all appointed Investment Managers are subject to annual review. In conjunction with the relevant parties, the WPP will develop an appropriate reporting framework for its Investment Managers.	<p>Link/ Russell, as part of their manager selection process, already evaluate how managers integrate RI considerations into their decision making.</p> <p>WPP receives regular updates from its investment managers on performance and RI issues. WPP has taken steps to formalise this information flow over the course of the year through an increase in resource available for support.</p> <p>WPP needs to consider how this regime will be extended to the new Sub-Funds.</p>	●
10.4	On an annual basis, the WPP will prepare and publish a stewardship report detailing the actions undertaken in fulfilment of this policy and the results achieved, following the principles of the 202 FRC UK Stewardship Code.	<p>WPP completed a stewardship report for the year to 31 March 2022, which was submitted to the FRC in October 2022 and published in February 2023.</p> <p>WPP has retained its UK Stewardship Code 2020 signatory status.</p>	●

Other			
11.1	WPP will ensure there is at least one formal training session directly focused on RI.	<p>During 2022/23, WPP received the following RI training:</p> <ul style="list-style-type: none"> • RI Stewardship • Sustainable Active Equity • What RI means for the WPP • Stock lending <p>WPP has produced a 23/24 training plan that includes the following RI subjects:</p> <ul style="list-style-type: none"> • Levelling up/development opportunities • TCFD reporting • Voting & Engagement • RI within the WPP Sub-Funds • Progress of other LGPS pools & collaboration opportunities 	●
11.2	WPP will also explore the possibility of incorporating the United Nations' SDGs into its RI beliefs and its monitoring and measurement mechanisms.	<p>As part of evaluating and developing its Stewardship Themes, WPP has developed a framework to explicitly map the consideration of new and existing themes to the UN SDGs.</p> <p>In the development of the Sustainable Active Equity Sub-Fund, a specific requirement has been put in place to deliver reporting outcomes aligned with the UN SDGs.</p>	●
11.4	WPP will review the adherence of all parties to this policy on an annual basis. WPP will publish the results of their assessment in a public report.	<p>The WPP's annual stewardship report acts as the WPP's RI stewardship and governance report. WPP has received feedback on learnings from the report and also from the FRC, which are to be considered. This review also meets the requirements of this commitment</p> <p>A full deep-dive of the policy and commitments within will take place every three years, with the next review in 2023.</p>	●

Appendix 2: Progress against Climate Policy commitments

Ref	Commitment/ Policy Statement	Update/ Comment	RAG Status
Objectives			
13	The WPP's role is to consult with each CA in relation to their climate objectives, on at least an annual basis, and to fully understand what implementation solutions they require to meet their objectives and commitments.	<p>WPP consulted with each CA over 2022 to understand their climate objectives. In order to further this work, and in preparation for upcoming TCFD reporting, work has progressed on the AWCR. This work will then feed into individual requirements for each CA.</p> <p>Development of the Sustainable Active Equity Sub-Fund took place over 2022, with launch due by Q3 23.</p>	●
14	Following its consultation with each CA, the WPP will endeavour to develop and facilitate investment solutions that enable each and every CA to achieve their climate objectives and commitments.	<p>WPP has worked with Russell and the CAs to develop the Sustainable Active Equity Sub-Fund.</p> <p>WPP has also progressed the appointment of managers/allocators within infrastructure, private debt and private equity to meet the needs of CAs.</p>	●
15	Where possible, the WPP, and its CAs, will seek to collaborate and work together to develop investment solutions that meet the climate objectives and commitments of all the CAs.		
16	If unified and collaborative investment solutions that simultaneously meet the objectives and requirement of all CAs cannot be developed, the WPP will work with any CA to develop tailored investment solutions that will enable them to achieve their own local objectives and requirements.		
18, 19	The WPP's Climate Goal will be regularly reviewed, following consultation with the CAs, and will always be driven by the collective requirements of the CAs. If the WPP's consultation exercise with the CAs fails to identify a common climate-related objective that all CAs are willing to unanimously support, then no WPP Climate	WPP has not yet agreed a collective climate goal. Completion of and consultation around the AWCR is expected to facilitate discussion in this regard.	●

	Goal will be formulated until there is unanimous support for a given Climate Goal.		
Strategy			
21	Recognising its current investment arrangements and offerings, the WPP's immediate focus will be on climate-related risk exposure within its equity and fixed-income holdings. The WPP will, however, consider climate-related risks in other asset classes when circumstances allow or require them to do so. The WPP will endeavour to provide climate risk solutions across all of its Sub-Funds, including private market assets.	Climate risk exposure is monitored and considered across all of WPP's Sub-Funds, with Russell tracking climate risk across the Sub-Funds it manages for WPP. In progressing the appointment of its Private Markets Allocators, sustainability considerations were also integrated, including an expectation for providers to facilitate investment in climate solutions, including renewable-energy infrastructure.	●
22	The WPP receives quarterly Climate Risk Monitoring Reports for its Equity and Fixed-Income Sub-Funds. The WPP will continue to explore and investigate market developments which enhance its ability to assess climate risk exposure within its Sub-Funds.	ESG and Climate Risk Monitoring Reports are now provided by WPP's adviser for all WPP Sub-Funds on at least an annual basis. We expect some evolution here in terms of the monitoring of Government Bond allocations, where current data and reporting prevent more in-depth analysis. The first Government Bond Climate Risk Monitoring Report was completed over 2022. Reporting for all Sub-Funds on a quarterly basis for scrutiny purposes is currently progressing. Russell tracks the carbon-risk exposure of each Sub-Fund within the quarterly reports it provides WPP.	●
23	The WPP will endeavour to continually facilitate climate scenario analysis across assets held within the WPP to ensure that the CAs are aware of the potential climate risks within the WPP Sub-Funds.	The WPP has not undertaken scenario analysis for its Sub-Funds, although expects to explore this further as TCFD reporting requirements for LGPS funds are finalised.	●

24	The WPP has committed to hosting at least one annual climate risk-related training session for its stakeholders. The WPP carries out an annual training needs identification exercise, in conjunction with the Constituent Authorities, this is the mechanism by which the WPP gauges the climate risk training requirements of its stakeholders.	A training session on RI was held during the year. This included training on how WPP addresses climate change, as well as training on climate metrics and climate scenario analysis A training needs assessment was undertaken for the 2022/23 year, with training on TCFD reporting due to take place in Q2 23.	●
Implementation			
27	The WPP will work with its Investment Managers to ensure that they account for an integrate climate-related risks within their investment processes. The WPP will, on at least an annual basis, will review each of its Investment Managers' approach to Climate Risk integration.	WPP has engaged with Russell during the year to understand its approach to the management of climate risk, including the metrics and tools it uses to do so. While climate risk forms part of Russell's assessment of underlying Investment Managers, a formal assessment of each underlying Investment Manager has not taken place for WPP.	●
29	The WPP will encourage its V&E Provider to engage with investee companies on climate-related issues, including an increase in the disclosure on climate-related risks by companies to investors.	WPP's stewardship theme 'Focusing on Net Zero' is integrated across a number of Robeco's engagement themes implemented over the year.	●
Monitoring/Reporting			
30	The WPP will monitor changes in market practice to ensure that the WPP is fully aware of changing best practice and the feasibility of monitoring climate-related risk within its non-equity sub-funds on at least an annual basis.	The ESG and Climate Risk Monitoring Reports include a wide range of climate metrics, across both the equity and fixed-income Sub-Funds. Additional metrics are being considered in the AWCR.	●
31	The WPP will require its Investment Managers to provide monitoring on climate-related risk exposure in their quarterly reports to WPP and the Constituent Authorities.	Russell provides reporting on climate risk within its quarterly reports to WPP. The ESG and Climate Risk reports provided by WPP's adviser also monitors climate risk across the Sub-Funds.	●
33	The WPP will report in line with the TCFD requirements, including a report on the actions taken in fulfilment of this policy, and	Currently, WPP is not required to report in line with the TCFD, though this is expected to commence in 2024. Completion of the	●

	will support the CAs in their own TCFD reporting.	AWCR will cover much of the ground expected to be required under TCFD.	
Transparency			
34	The WPP will encourage, through its V&E Provider and Investment Managers, all investee companies to disclose in line with the requirements of the TCFD.	Climate risk disclosure forms part of WPP's stewardship theme 'Focusing on Net Zero'. Russell, through its Active Ownership programme, also advocates for such disclosures in its engagements with underlying investee companies, individually and collaboratively.	●



WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 19 JULY 2023

SUBJECT

OPERATOR UPDATE – Q1 2023 REVIEW

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To receive a presentation from the Operator on the progress of the Wales Pension Partnership

REASONS:

Link Fund Solutions, WPP's Operator provides a quarterly review update to the Joint Governance Committee (JGC), covering the following key areas:

- Market updates
- Current fund holdings
- Sub fund updates and other initiatives
- Corporate update and engagement

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Council**

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**EXECUTIVE SUMMARY
JOINT GOVERNANCE COMMITTEE**

DATE 19 JULY 2023

OPERATOR UPDATE – Q1 2023 REVIEW

BRIEF SUMMARY OF PURPOSE OF REPORT

Link Fund Solutions were appointed WPP’s Operator in December 2017, and they provide a quarterly update to the JGC. These quarterly updates cover corporate and market updates, fund summary information and an engagement update showing the engagement protocol in place and key meeting dates.

The Q1 (January to March) 2023 review is being presented to the JGC and provides the following updates:

- Market update re the proposed acquisition of Link Fund Solutions
- AUM summary as at 31 March 2023
- Fund changes in relation to the Global Credit fund, Sustainable Equities fund and the Global Growth fund.
- Initiatives relating to the Management Information pack and Class action reporting
- Market updates in relation to Russia / Ukraine and LDI
- Corporate update and engagement

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance NONE	Risk Management Issues NONE	Staffing Implications NONE

CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Wales Pension Partnership
Joint Governance Committee
Q1 2023 review – 17 July 2023



Market Updates

Proposed Acquisition

As discussed since the last Joint Governance Committee on 29 March 2023;

Below is the update in relation to the progress of the sale of the Fund Solutions business (FS Business) and ongoing negotiations with the UK Financial Conduct Authority (FCA) to settle the FCA investigation against Link Fund Solutions Limited (LFSL).

Link Group announced on 20th April 2023 (Sydney time) that:

Link Group and LFSL have reached a conditional agreement for the sale of the FS Business, excluding its Luxembourg and Swiss entities, and excluding Woodford related liabilities, on a debt and cash free and normalised working capital adjustments basis, to the Waystone Group for an aggregate consideration value of between £110 million and £140 million (the Sale).

At the same time, Link Group and LFSL have reached a conditional agreement with the FCA to settle its investigation into LFSL in respect of LFSL's role as authorised corporate director (ACD) of the LF Woodford Equity Income Fund (now known as the LF Equity Income Fund) (WEIF), (the Settlement).

The Settlement is conditional on, amongst other things, completion of the Sale and the English High Court sanctioning a scheme of arrangement proposed under Part 26 of the Companies Act 2006 addressing WEIF related redress and claims against LFSL (Scheme), as outlined below. The FCA has confirmed its intention to support the Scheme and intends to support its approval by WEIF Investors.

As part of the Settlement, and conditional on the Scheme, Link Group has agreed to contribute to LFSL all of the available consideration to be received from the Waystone Group under the Sale, meaning Link Group would receive no net proceeds of the Sale. There is no further contribution required of Link Group'.

The Scheme will provide that the payment of amounts to WEIF Investors, in accordance with the Scheme, will be in return for a full and final release from WEIF Investors to LFSL and the wider Group.

The Sale is targeted to complete by October 2023 and is not contingent on the Scheme or the Settlement becoming unconditional.

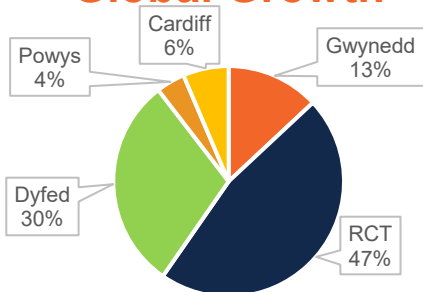
March 2023 LF Wales PP Fund Summary AUM

Fund	AUM	Inception date
Global Growth	£3,274,152,681	6 th Feb 2019
Global Opportunities	£3,269,124,129	14 th Feb 2019
UK Opportunities	£760,143,154	10 th Oct 2019
Emerging Markets	£354,601,402	20 th Oct 2021
Sterling Credit	£520,721,095	19 th Aug 2020
Global Credit	£693,664,784	21 st Aug 2020
Multi Asset Credit	£655,191,299	12 th Aug 2020
Global Government Bond	£481,416,739	20 th Aug 2020
Absolute Return Bond	£559,106,849	30 th Sept 2020
Total Active Investments	£10,568,122,134	
Total Passive Investments	£5,074,366,199	
Total Pooled Assets	£15,642,488,333 as at 31 March 2023	

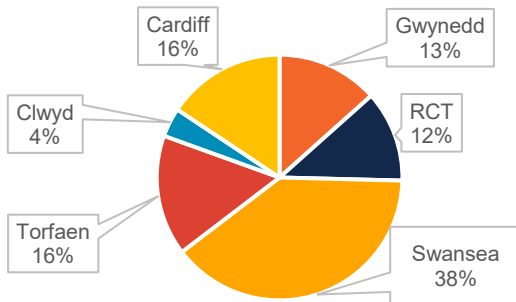
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March 2023 Fund Snapshot - Equities

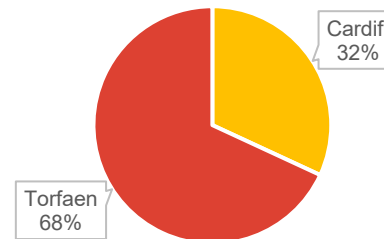
Global Growth



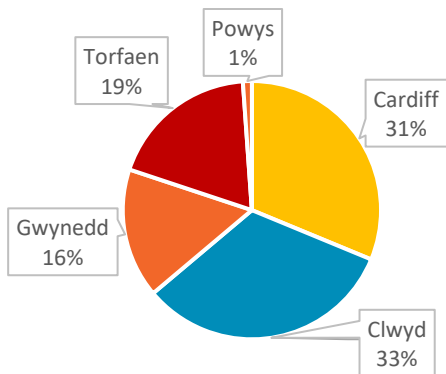
Global Opportunities



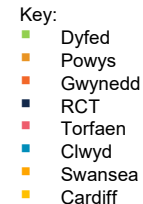
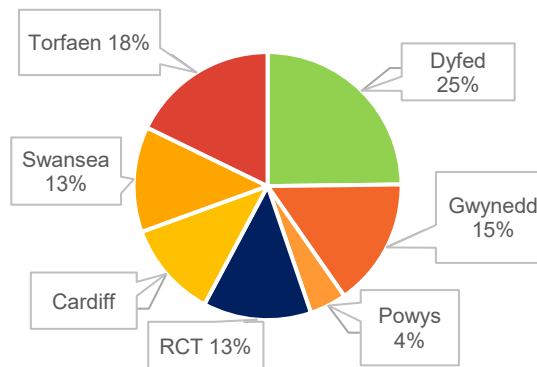
UK Opportunities



Emerging Markets

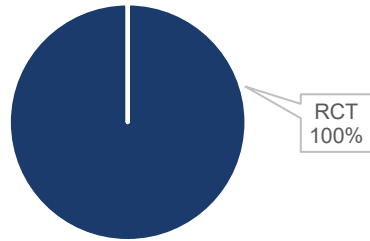


Passive*

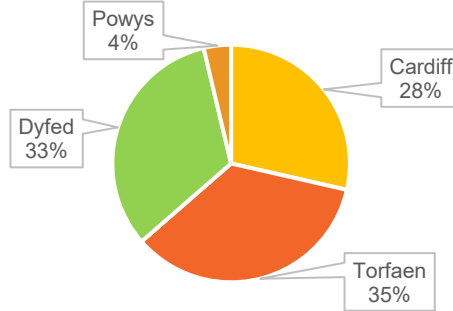


March 2023 Fund Snapshot - Fixed Income

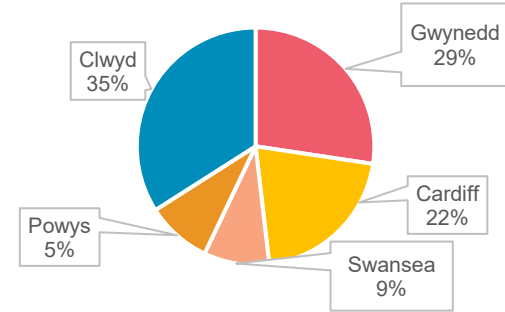
Sterling Credit



Global Credit



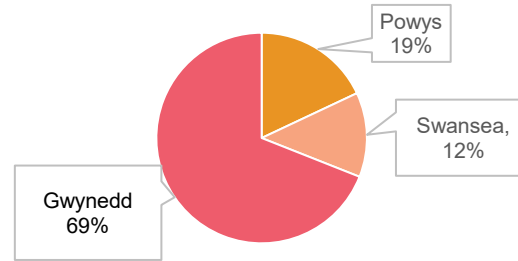
Multi Asset Credit



Global Gov. Bond



Absolute Return Bnd



- Key:
- Dyfed
 - Powys
 - Gwynedd
 - RCT
 - Torfaen
 - Clwyd
 - Swansea
 - Cardiff

Sub-Funds Update

Fund Launches & Changes			
	Activity	Status	Commentary
Completed Fund Launches & Changes	N/a		N/a
Ongoing Fund Launches & Changes	Addition of Robeco to the Global Credit fund, removal of T Rowe Price	✓	New Investment Manager 'Robeco' to be implemented June 2023
	Establishment of a Sustainable Equities Fund	✓	Weekly Transition Calls ongoing with full working party and Legacy managers with launch date agreed for 20 June 2023
	Addition of New Investment Manager to the Global Growth Fund, as an addition to current Managers	✓	Proposed addition new manager to be discussed at OWG. Paper to be shared with all investing Constituent Authorities with rationale behind the change

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Status key:

- Completed or already in place
- On target;
- Delay Expected;
- Not Applicable

Initiatives

Business as Usual + Key Changes			
	Activity	Status	Commentary
Management Information	Move to Quarterly Reporting cycle with changes to information captured	✓	Working with internal Teams to move from monthly to quarterly with updates to information provided
Class action reporting	Rolled out class action reporting to the Host on quarterly basis	✓	We have continued to provide the Class Action reporting to the Host Authority





Status key:

-  Completed or already in place
-  On target;
-  Delay Expected;
-  Not Applicable

Market Updates

	Activity	Status	Commentary
Russia / Ukraine	Impact to ACS sub-funds holding Russian companies	✓	LFSL continue to monitor the situation and will advise Constituent Authorities of any developments. Our Fair Value Pricing Committee regularly discuss and assets are still priced accordingly.
LDI	Liability Driven Investments & market volatility	✓	No LDI investments in the WPP sub-funds.

Status key:

-  Completed or already in place
-  On target;
-  Delay Expected;
-  Not Applicable

LFS Corporate Update & Engagement

Key Q1 and future WPP Engagement

Link attendance at OWG/JGC meetings in period:

- OWG 7 February 2023
- WPP JGC 29 March 2023

Link attendance at OWG/JGC meetings in next quarter:

- OWG 23 May 2023
- WPP JGC 19 July 2023

Link - Pension Committee attendance in period:

- RCT Panel Meeting - 23 March 2023
- RCT – Pension Committee meeting 27 March 2023
- Gwynedd – Pension Committee meeting 27 March 2023
- Dyfed – Pension Committee meeting 28 March 2023

Link - Pension Committee attendance in next quarter :

- Clwyd – Pension committee 23 June 2023

Other meetings in period

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly
- WPP briefing / training session – (First session)

Other meetings in next quarter

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly
- Pension Board Chairs Engagement Meeting 25 April 2023

LFS Engagement Protocol – Business as Usual

Strategic Relationship Review	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Bi-annual 	<ul style="list-style-type: none"> ▪ Ensure strategic alignment between Host Authority and Link
WPP Attendees <ul style="list-style-type: none"> ▪ Chris Moore ▪ Anthony Parnell ▪ Two Section 151 / Deputy Section 151 officers 		Link Attendees <ul style="list-style-type: none"> ▪ Karl Midl, Managing Director ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager
JGC Engagement	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Quarterly 	<ul style="list-style-type: none"> ▪ Engage with JGC on pertinent matters and strategic deliverables
WPP Attendees <ul style="list-style-type: none"> ▪ Joint Governance Committee (JGC) 		Link Attendees <ul style="list-style-type: none"> ▪ Karl Midl, Managing Director / Adam Tookey, Head of Product – as required ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager ▪ Russell Investments
OWG Engagement	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Every 2 Months 	<ul style="list-style-type: none"> ▪ Identify and deliver on opportunities to improve and expand the relationship ▪ Provide update on open projects or issues ▪ Monthly KPI Review (Data supplied monthly)
WPP Attendees <ul style="list-style-type: none"> ▪ Officers Working Group (OWG) 		Link Attendees <ul style="list-style-type: none"> ▪ James Zealander, Senior Relationship Manager ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required) ▪ Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc. ▪ Russell Investments

Note: The OWG Engagement and Monthly KPI meetings may be conducted remotely and/or amalgamated where required.

Link Engagement Protocol continued...

Host Authority Update	Frequency	Objective
<p>WPP Attendees</p> <ul style="list-style-type: none"> ▪ Anthony Parnell ▪ Tracey Williams 	<ul style="list-style-type: none"> ▪ Bi-Weekly 	<ul style="list-style-type: none"> ▪ Regular Host Authority – LFS to discuss deliverables and business updates ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager ▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required) ▪ Clair Baguley, Client Service Manager (as required)
WPP Working Group	Frequency	Objective
<p>WPP Attendees</p> <ul style="list-style-type: none"> ▪ Officers Working Group (OWG) ▪ Hymans 	<ul style="list-style-type: none"> ▪ Bi-Weekly 	<ul style="list-style-type: none"> ▪ Regular project call to discuss progress of deliverables ▪ Link Client Team ▪ Northern Trust ▪ Russell Investments ▪ Other consultants (e.g. bFinance)
Annual Shareholder Day	Frequency	Objective
<ul style="list-style-type: none"> ▪ Open to all involved parties 	<ul style="list-style-type: none"> ▪ Annual 	<ul style="list-style-type: none"> ▪ Open day for presentations on strategy and performance (with IM) ▪ Link Client Team ▪ Northern Trust ▪ Russell Investments and other Investment Managers (e.g. Global Growth Managers) ▪ Other consultants as required (e.g. bFinance)
Pension Fund Committees	Objective	
<ul style="list-style-type: none"> ▪ Individual Pension Fund Committee meetings 	<ul style="list-style-type: none"> ▪ General update on the ACS and planned initiatives ▪ James Zealander, Senior Relationship Manager ▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required) ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Russell Investments 	

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Relationship Managers

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WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 19 JULY 2023

SUBJECT

PERFORMANCE REPORTS AS AT 31 MARCH 2023

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To note the performance reports of the following sub funds as at 31 March 2023:

- Global Opportunities Equity Fund
- Global Growth Equity Fund
- Emerging Markets Equity Fund
- UK Opportunities Equity Fund
- Global Government Bond Fund
- Global Credit Fund
- Multi Asset Credit Fund
- Absolute Return Bond Strategy Fund
- UK Credit Fund

REASONS:

Northern Trust have prepared performance reports for the WPP sub funds as at 31 March 2023.

Report Author:
Chris Moore

Designation:
Director of Corporate Services

**Carmarthenshire County
Council**

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**EXECUTIVE SUMMARY
JOINT GOVERNANCE COMMITTEE**

DATE 19 JULY 2023

PERFORMANCE REPORTS AS AT 31 MARCH 2023

BRIEF SUMMARY OF PURPOSE OF REPORT

Northern Trust have provided performance reports for the WPP's sub funds as at 31 March 2023.

Performance - Inception to date:

Global Opportunities Fund	Gross of Fees (%)	Net of Fees (%)
Actual	10.83	10.51
Benchmark	9.47	9.47
Excess Return	1.36	1.04

Global Growth Fund	Gross of Fees (%)	Net of Fees (%)
Actual	9.40	8.98
Benchmark	9.79	9.79
Excess Return	(0.40)	(0.81)

Emerging Markets Fund	Gross of Fees (%)	Net of Fees (%)
Actual	(6.24)	(6.69)
Benchmark	(7.16)	(7.16)
Excess Return	0.92	0.47

UK Opportunities Fund	Gross of Fees (%)	Net of Fees (%)
Actual	3.72	3.32
Benchmark	4.55	4.55
Excess Return	(0.83)	(1.23)

Global Government Bond Fund	Gross of Fees (%)	Net of Fees (%)
Actual	(3.50)	(3.73)
Benchmark	(5.13)	(5.13)
Excess Return	1.63	1.40

Global Credit Fund	Gross of Fees (%)	Net of Fees (%)
Actual	(4.79)	(4.96)
Benchmark	(4.94)	(4.94)
Excess Return	0.15	(0.02)

Multi Asset Credit Fund	Gross of Fees (%)	Net of Fees (%)
Actual	(0.78)	(1.13)
Target *	4.96	4.96

Absolute Return Bond Strategy Fund	Gross of Fees (%)	Net of Fees (%)
Actual	2.11	1.81
Target *	2.99	2.99

UK Credit Fund	Gross of Fees (%)	Net of Fees (%)
Actual	(5.08)	(5.20)
Target *	(5.59)	(5.59)

* EXCESS RETURN IS NOT SHOWN AS THIS IS A TARGET

Link and Russell Investments have also provided a summary paper, summarising the performance of each individual fund and providing individual fund commentary.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	Risk Management Issues NONE	Staffing Implications NONE
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Finance

The following sub funds have outperformed / underperformed their benchmarks, as follows:

- Global Opportunities – outperformed by 1.36% gross / 1.04% net
- Global Growth – underperformed by 0.40% gross / 0.81% net
- Emerging Markets – outperformed by 0.92% gross / 0.47% net
- UK Opportunities – underperformed by 0.83% gross / 1.23% net
- Global Government Bond – outperformed by 1.63% gross / 1.40% net
- Global Credit – outperformed by 0.15% gross / underperformed 0.02% net

The MAC and ARB funds did not meet their targets.

The UK Credit fund exceeded its target.

CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

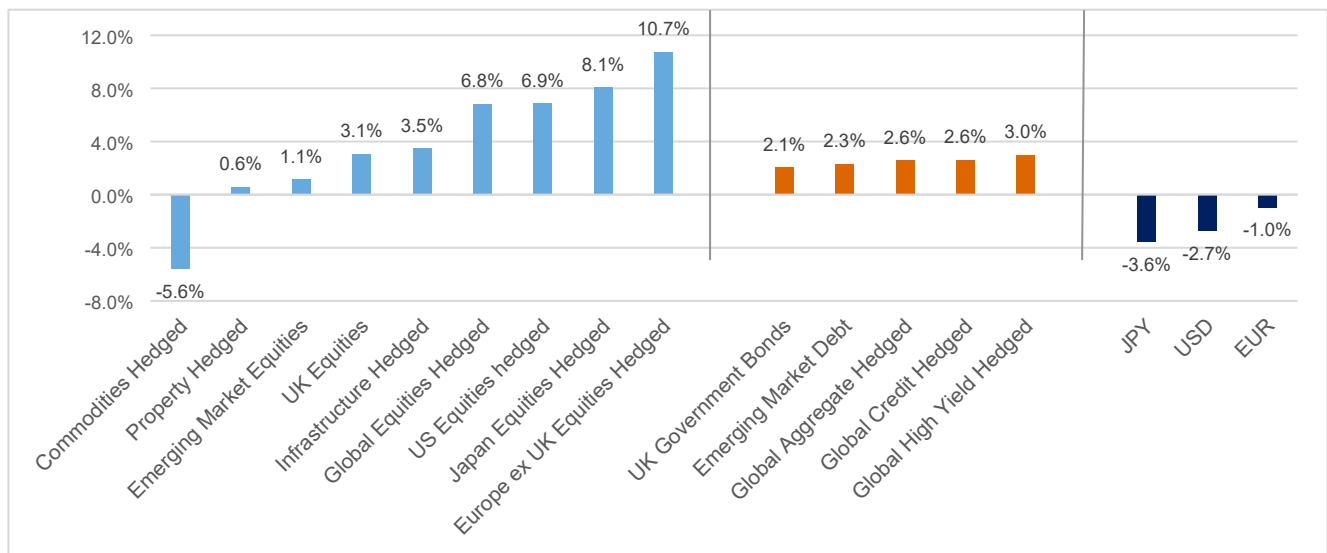
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JGC - WPP Performance Summary Q1 2023

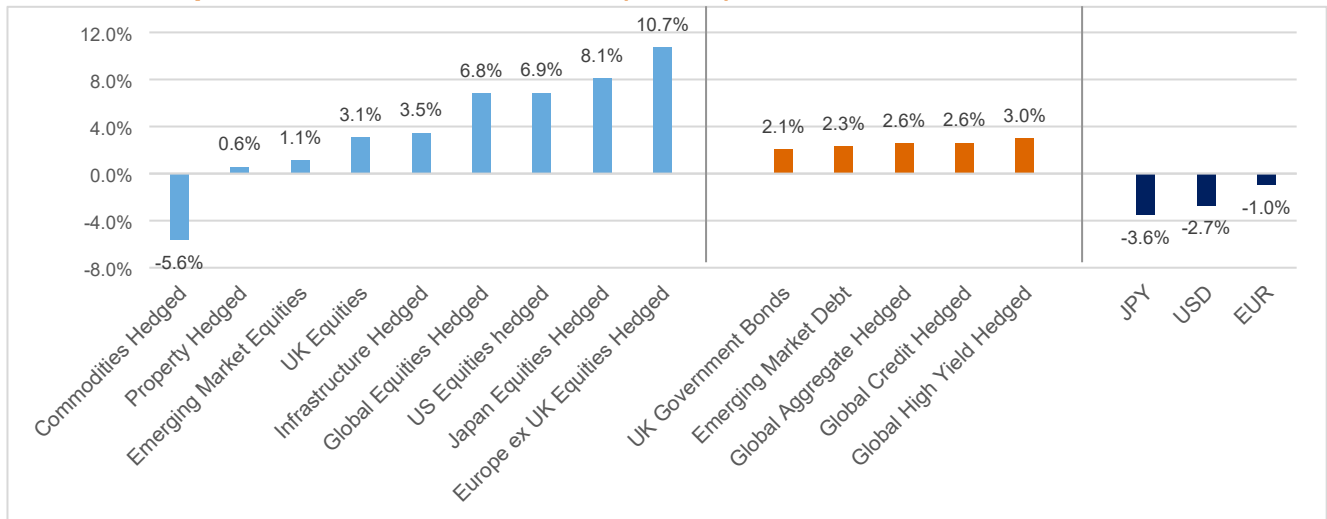
Global Market Commentary

Positive January and March performance bookended mid-quarter market volatility. Equity markets started the year strongly with investors encouraged by signs that inflation was being tamed and the prospect of China's reopening from Covid-19 restrictions boosting demand. In contrast, equities fell broadly in February amid slowing progress on inflation and resilient economic data, which implied interest rates may stay higher for longer. Investor sentiment tumbled further following the failure of three regional US banks, which triggered fears of contagion and a sell-off of banking stocks. In Europe these fears were heightened by a collapse in Credit Suisse's share price, which ultimately led to its takeover by rival UBS. Concerns subsided towards the end of the period. The US Federal Reserve (Fed), the Bank of England (BoE) and European Central Bank (ECB) all raised interest rates as expected this quarter. The US dollar depreciated while oil prices were volatile, falling below \$70 per barrel in March before recovering towards quarter-end.

Asset class performance – Quarter to Date (March) 2023



Asset class performance – Year to Date (March) 2023



Global Growth Equity Fund:

Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB), Property hedged (FTSEEPRA Nareit Dev Re GBP)

	Three Months	1 Year	Since Inception
Gross	5.56	-0.54	9.40
Net	5.46	-0.90	8.98
MSCI AC World Index Net	4.39	-1.43	9.79
Excess returns (gross)	1.16	0.90	-0.40

Inception Date: 6th February 2019

Source: Northern Trust as of 31 March 2023

Overall Fund Commentary

Global equity markets made solid gains in the first quarter of 2023 with the MSCI ACWI rising 4.4% in GBP. Inflationary pressures eased, and economic data was generally stronger than expected, supporting the proposition that central banks would be able to conclude their monetary policy tightening. Financials had gained steadily from a Q3-2022 low but fell 15% in a matter of days following the collapse of Silicon Valley Bank, followed quickly by that of New York based Signature Bank. Despite a significant spike in volatility the broad market recovered to finish the quarter just short of February's high although mid-sized lenders remain under pressure. Financials joined Real Estate, Utilities, Health Care and Energy in recording negative returns for the quarter. Information Technology, Communication Services, and Consumer Discretionary sectors led the market. This mix of returns consolidated the Q1 leadership of growth over value and the crisis in the banking sector prompted a renewed focus on the quality style.

The WPP Global Growth portfolio outperformed the market by 1.0% in the quarter, returning 5.5% in GBP, net of fees. All three funds exceeded the benchmark return however the 3.8% out-performance of value biased, quality manager Veritas was the highlight. This was attributable to ongoing strength in Meta Platforms and the potential of an offer for pharmaceutical company Catalent Inc. Baillie Gifford suffered from direct exposure to Signature Bank to finish the quarter 0.2% ahead of the benchmark. Pzena's overweight exposure to value financials had served it well until underperformance driven by fears of contagion took hold and left it only 0.1% ahead for the quarter.

	Three Months	1 Year	Since Inception
Gross	3.41	0.55	10.83
Net	3.33	0.28	10.51
MSCI AC World Index Net	4.39	-1.43	9.47
Excess returns (gross)	-0.99	1.98	1.36

Inception Date: COB 14th February 2019

Source: Northern Trust as of 31 March 2023

Overall Fund Commentary

The Fund registered positive absolute returns over the first quarter but finished behind the benchmark on a relative basis. In factor performance, growth and large cap stocks were the best performing styles, significantly outperforming the global index, although this was driven by the US. Small cap stocks underperformed, however, small cap growth names fared better. In contrast, value and high dividend yielding stocks were unrewarded in the market environment. As such, growth manager Morgan Stanley significantly outperformed over the period. Value manager Sanders and quality growth manager Intermede also achieved positive excess returns. Numeric Low Volatility and Nissay were the weakest managers in the quarter. Jacobs Levy, Numeric (core) and SW Mitchell were also behind their benchmarks.

EM Market Commentary

Emerging Markets recorded a positive return in a volatile quarter but underperformed developed market equities. The first quarter of 2023 saw a dampening in risk appetite and doubts surrounding the strength of China's recovery following its reopening and the impact on global economic growth. Despite this, China's strength continued for another quarter as the market outperformed the broader emerging markets index for the second-successive quarter. In contrast, India underperformed, as names within the Adani Group dragged the market down, and Brazil also struggled following a strong 2022. The US dollar depreciated over the period. Small cap growth stocks were in the highest demand this period.

EM Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	2.57	-3.19	-6.24
Net	2.44	-3.62	-6.69
MSCI Emerging Market Index	1.14	-4.91	-7.16
Excess returns (gross)	1.43	1.72	0.92

Inception Date: COB 20th October 2021

Source: Russell Investments as of 31 March 2023

Overall Fund Commentary

The Fund outperformed the positive benchmark return. Similar to the fourth quarter of 2022, large capitalisation stocks outperformed small caps and high dividend yielding stocks were in demand amid the elevated inflation environment. Growth marginally outperformed the index return and the value factor. Small cap value stocks lagged during this period. In sectors, technology and communication services were the standout performers, driven higher by names including TSMC, Samsung Electronics and Tencent Holdings. All other sectors underperformed, with utilities and health care lagging the most. Within this environment, the Fund's effective country positioning included an underweight to India in a period where the market slipped lower. Selection was positive within Taiwan (semiconductors) and Mexico (financials, staples). However, stock selection within China was negative on aggregate this quarter, with an underweight to Tencent a key detractor. Selection within Thailand and South Korea was also negative.

UK Market Commentary

UK equities underperformed the global index. Consumer discretionary, industrials and telecommunications were the best performers, although this was offset by weakness in materials, consumer staples and health care. The Bank of England raised rates by 50 bps, and then a further 25 bps, signalling that the outlook for both economic growth and inflation had improved. However, inflation unexpectedly rose in February to 10.4% from 10.1% in January, largely driven by higher food and beverage prices. In his Budget, Chancellor Jeremy Hunt announced a 100% tax break for business investment and the launch of 12 low-tax zones to encourage economic growth and reduce regional disparity. Other measures included plans to keep people in work and an extension of free childcare. In an upbeat speech he said the economy was “proving the doubters wrong” and would avoid a technical recession this year.

UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	6.05	4.60	3.72
Net	5.95	4.23	3.32
FTSE All Share	3.08	2.92	4.55
Excess returns (gross)	2.97	1.68	-0.83

Inception Date: COB 11th October 2019

Source: Northern Trust as of 31 March 2023

Overall Fund Commentary

The Fund outperformed the positive benchmark return in the quarter. In factor performance, mid cap stocks produced the strongest performance while large cap and small cap stocks lagged. Growth also outperformed while value was out of favour. In sectors, consumer discretionary produced the biggest absolute returns followed by industrials. Basic materials was the only sector to produce an absolute negative return for the quarter. Overweight exposure and stock selection in communication services and consumer discretionary contributed to the positive return. Ninety One led the outperformance, benefitting from its focus on value, although all managers produced positive relative returns versus the benchmark.

Fixed Income Market Commentary

Government bonds rallied following turmoil in the banking sector. In this environment, longer duration US Treasuries, eurozone sovereigns and UK gilts outperformed equivalents elsewhere, particularly in China. The US Federal Reserve (Fed), Bank of England (BoE) and European Central Bank (ECB) all raised rates. However, the market turbulence led to increased uncertainty over the future direction of interest rates.

The Fed increased its benchmark interest rate by 25 basis points (bps) twice in the quarter to end at its highest since 2007. However, comments from the Fed were noticeably more dovish towards quarter-end. The benchmark 10-year US Treasury yield fell 40 bps over the quarter to close at 3.47%, while the 2-year yield declined 38 bps to 3.98%. In the UK, the BoE raised rates by 50 bps, and then a further 25 bps, signalling that the outlook for both economic growth and inflation had improved. The benchmark 10-year gilt yield ended the quarter 18 bps lower at 3.49%. In the eurozone the ECB raised interest rates by 50 bps twice. Over the quarter the German 10-year bund yield fell 28 bps to 2.29%.

Global Government Bond Fund:

	Three Months	1 Year	Since Inception
Gross	2.59	-4.86	-3.50
Net	2.53	-5.10	-3.73
FTSE World Gvt Bond Index (GBP Hedged)	3.02	-6.62	-5.13
Excess returns (gross)	-0.43	1.76	1.63

Inception Date: COB 19th August 2020

Source: Russell Investments as of 31 March 2023

Overall Fund Commentary

The Fund slightly underperformed the positive benchmark return in a volatile quarter for financial markets. Within this environment, Blue Bay outperformed while Colchester underperformed the benchmark. The Fund's underweight exposure to US Treasuries was detrimental. An underweight to Japanese bonds, notably of 5- and 30-year duration also detracted. Negative exposure to shorter duration German bunds was offset by a positive contribution from 5 and 10-year issues. An overweight of Columbian rates was also additive.

Global Credit Fund:

	Three Months	1 Year	Since Inception
Gross	2.05	-8.27	-4.79
Net	2.00	-8.43	-4.96
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	2.63	-6.56	-4.94
Excess returns (gross)	-0.58	-1.71	0.15

Inception Date: COB 20th August 2020

Source: Russell Investments as of 31 March 2023

Overall Fund Commentary

The Fund underperformed the benchmark return this quarter. Within this environment, effective credit positioning early in the quarter was offset by losses in March. Overweight to US high yield credit was slightly additive, with exposure to financials detracting but industrials contributing positively. An overweight to European high yield financials detracted, while an overweight to European investment grade utilities contributed positively. In hard currency emerging market debt an underweight to Middle East investment grade credit was additive, although some of this was offset by underweights to Europe and Latin America.

Multi Asset Credit Fund:

	Three Months	1 Year	Since Inception
Gross	3.34	-5.89	-0.78
Net	3.25	-6.23	-1.13
3 Month GBP SONIA + 4%	1.94	6.36	4.96

Performance Target is 3 Month GBP SONIA + 4%, we have not shown excess return as this is a target.

Inception Date: COB 11th August 2020

Source: Russell Investments as of 31 March 2023

Overall Fund Commentary

The Fund recorded a positive return in a volatile quarter for financial markets. High yield (HY) was stronger than investment grade corporate debt, particularly in Europe but also in the US. Global investment grade spreads widened slightly. Markets were calmer towards quarter end with risk appetite starting to recover. However, concerns about the real estate sector were reflected in bond markets with issuance by some property companies coming under pressure. Hard currency emerging market debt spreads widened in the volatile market environment. Loan specialist ICG was the best performing manager.

Absolute Return Bond Strategy Fund:

	Three Months	1 Year	Since Inception
Gross	1.07	2.34	2.11
Net	1.01	2.07	1.81
3 Month GBP SONIA + 2%	1.44	4.32	2.99

Performance Target is 3 Month GBP SONIA + 2%, we have not shown excess return as this is a target.

Inception Date: COB 30th September 2020

Source: Russell Investments as of 31 March 2023

Overall Fund Commentary

The Fund recorded a positive return this quarter. Aegon and Wellington both recorded positive returns, whereas Insight and mortgage prepayment specialist Putnam recorded negative returns. Macro strategies had a positive impact. Although European asset-backed security (ABS) spreads held up well following the market volatility, primary issuance of European ABS stalled. Some issuers postponed their deals or reverted to partially or pre-placing (privately) their ABS.

Sterling Credit Fund:

	Three Months	1 Year	Since Inception
Gross	2.58	-9.26	-5.08
Net	2.54	-9.38	-5.20
ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%	2.53	-9.58	-5.59

Inception Date: COB 19th August 2020

Source: Northern Trust as of 31 March 2023

Overall Fund Commentary

The Wales Pension Partnership Sterling Credit portfolio returned 2.6% in Q1, outperforming the BofA Euro-Sterling benchmark by 0.2%.

The quarter started positively with both government yields decreasing and corporate spreads tightening as markets were hopeful the monetary policy tightening cycle was nearing an end and a recession could be avoided with China's economy reopening and Western economies more resilient to inflation pressures than expected. The fund's long sterling duration position enhanced returns but was partially offset by the underweight euro duration position. The overweight exposure to financial credits was a negative but both, the Bank of England (BoE) and the European Central Bank (ECB) on the health of their financial sectors. Stronger UK economic data supported higher than expected inflation and suggested further action by the Bank of England (BoE). A 25bp increase followed and the BoE expressed confidence in the banking system following the collapse of Silicon Valley Bank suggesting further rises ahead if inflation remains elevated. Similarly, the European Central Bank assured markets it was 'fully equipped' to ensure financial stability and raised rates by 0.5%. Despite the market turmoil in March positive risk sentiment led to further fall in UK government bond yields and a slight widening in credit spreads.

Wales Pension Partnership

Investment Risk & Analytical Services

March 31, 2023

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SECTION 1

Wales Pension Partnership

Investment Risk & Analytical Services

March 31, 2023

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Investment Hierarchy

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return					
			One Month	Three Months	One Year	Inception to Date	Inception Date	
Wales Pension Partnership	10,572,685,566	100.00	0.01	3.93	-1.38	7.03	06/02/2019	
Equity	7,661,629,491	72.47	-0.33	4.53	0.24	9.63	06/02/2019	
Global Growth Fund	3,275,477,246	30.98	-0.11	5.56	-0.54	9.40	06/02/2019	
MSCI ACWI ND			0.93	4.39	-1.43	9.79	06/02/2019	
Excess Return			-1.04	1.16	0.90	-0.40	06/02/2019	
Emerging Markets Equity Fund	355,135,988	3.36	0.57	2.57	-3.19	-6.24	29/10/2021	
MSCI Emerging Markets ND +1.5%			1.00	1.51	-3.48	-5.77	29/10/2021	
Excess Return			-0.43	1.05	0.28	-0.47	29/10/2021	
Global Opportunities Equity	3,270,569,883	30.93	0.00	3.41	0.55	10.83	14/02/2019	
MSCI ACWI ND			0.93	4.39	-1.43	9.47	14/02/2019	
Excess Return			-0.93	-0.99	1.99	1.36	14/02/2019	
UK Opportunities Equity	760,446,373	7.19	-3.06	6.05	4.60	3.72	11/10/2019	
FTSE All-Share			-2.84	3.08	2.92	4.55	11/10/2019	
Excess Return			-0.22	2.97	1.68	-0.83	11/10/2019	
Fixed Income	2,911,056,075	27.53	0.92	2.33	-5.59	-2.68	11/08/2020	
Absolute Return Bond Fund	559,334,497	5.29	-0.22	1.07	2.34	2.11	30/09/2020	
3 month GBP Sonia plus 2%			0.51	1.44	4.32	2.99	30/09/2020	
Excess Return			-0.73	-0.37	-1.98	-0.87	30/09/2020	
Sterling Credit Fund	520,810,564	4.93	0.77	2.58	-9.26	-5.08	19/08/2020	
ICE BofA ML Eur-Stg plus 0.65%			1.12	2.53	-9.58	-5.59	19/08/2020	
Excess Return			-0.35	0.05	0.32	0.51	19/08/2020	
Multi Asset Credit Fund	655,475,201	6.20	0.66	3.34	-5.89	-0.78	11/08/2020	
3 month GBP Sonia plus 4%			0.67	1.94	6.36	4.96	11/08/2020	
Excess Return			-0.01	1.40	-12.25	-5.75	11/08/2020	
Global Government Bond Fund	481,623,788	4.56	2.49	2.59	-4.86	-3.50	19/08/2020	
FTSE WGBI Index			2.59	3.02	-6.62	-5.13	19/08/2020	
Excess Return			-0.10	-0.43	1.76	1.63	19/08/2020	
Global Credit Fund	693,812,025	6.56	1.13	2.05	-8.27	-4.79	20/08/2020	
BBG Global Aggregate Credit Index hedged into GBP			2.04	2.63	-6.56	-4.94	20/08/2020	
Excess Return			-0.92	-0.58	-1.71	0.15	20/08/2020	

Wales Pension Partnership Summary

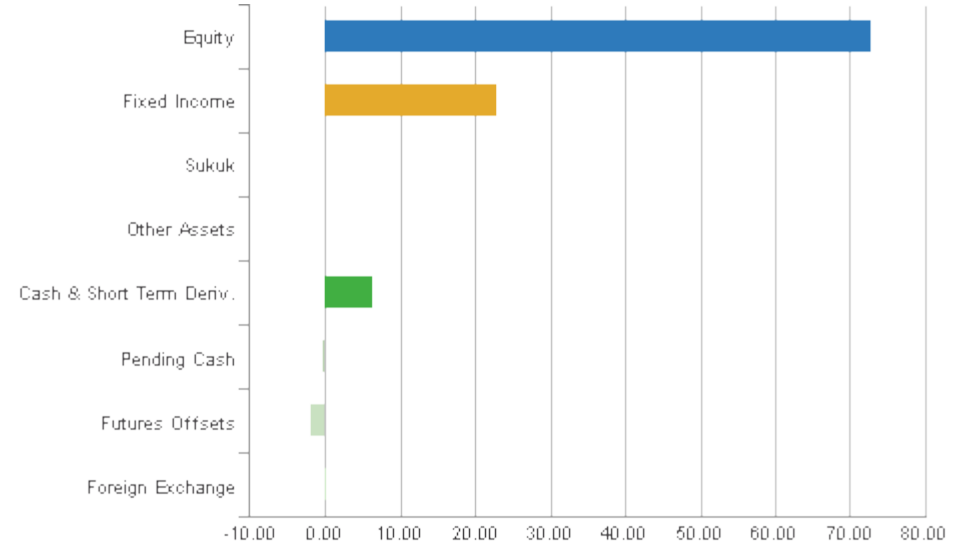
Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	10,572,685,566	100.00	0.01	3.93	-1.38	7.03	06/02/2019
Equity	7,661,629,491	72.47	-0.33	4.53	0.24	9.63	06/02/2019
Global Growth Fund	3,275,477,246	30.98	-0.11	5.56	-0.54	9.40	06/02/2019
Emerging Markets Equity Fund	355,135,988	3.36	0.57	2.57	-3.19	-6.24	29/10/2021
Global Opportunities Equity	3,270,569,883	30.93	0.00	3.41	0.55	10.83	14/02/2019
UK Opportunities Equity	760,446,373	7.19	-3.06	6.05	4.60	3.72	11/10/2019
Fixed Income	2,911,056,075	27.53	0.92	2.33	-5.59	-2.68	11/08/2020
Absolute Return Bond Fund	559,334,497	5.29	-0.22	1.07	2.34	2.11	30/09/2020
Sterling Credit Fund	520,810,564	4.93	0.77	2.58	-9.26	-5.08	19/08/2020
Multi Asset Credit Fund	655,475,201	6.20	0.66	3.34	-5.89	-0.78	11/08/2020
Global Government Bond Fund	481,623,788	4.56	2.49	2.59	-4.86	-3.50	19/08/2020
Global Credit Fund	693,812,025	6.56	1.13	2.05	-8.27	-4.79	20/08/2020

GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND GROSS OF FEES



Wales Pension Partnership: 1.33

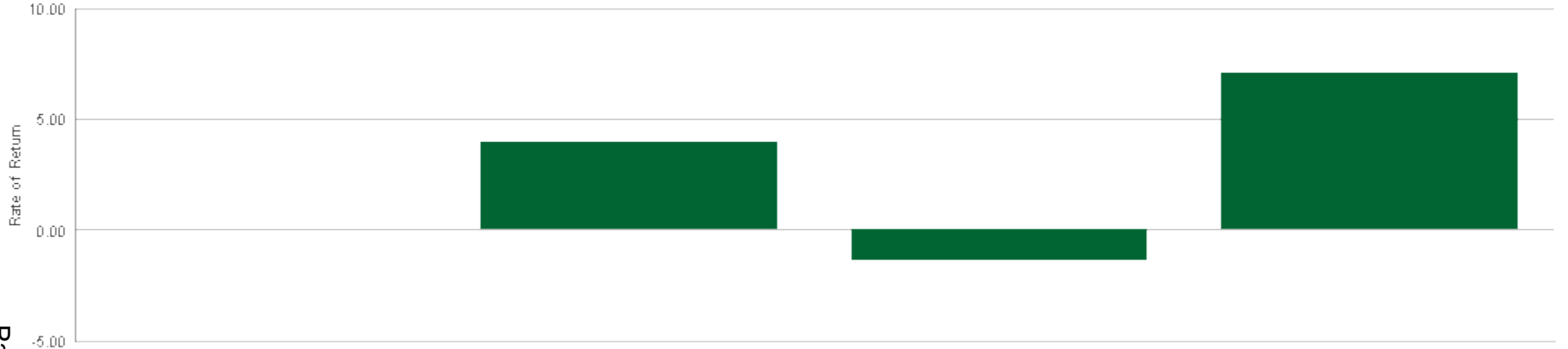
ASSET CLASS ENDING WEIGHTS



Total Fund Gross of Fees

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	10,572,685,566	100.00	0.01	3.93	-1.38	7.03	06/02/2019
Equity	7,661,629,491	72.47	-0.33	4.53	0.24	9.63	06/02/2019
Global Growth Fund	3,275,477,246	30.98	-0.11	5.56	-0.54	9.40	06/02/2019
Emerging Markets Equity Fund	355,135,988	3.36	0.57	2.57	-3.19	-6.24	29/10/2021
Global Opportunities Equity	3,270,569,883	30.93	0.00	3.41	0.55	10.83	14/02/2019
UK Opportunities Equity	760,446,373	7.19	-3.06	6.05	4.60	3.72	11/10/2019
Fixed Income	2,911,056,075	27.53	0.92	2.33	-5.59	-2.68	11/08/2020
Absolute Return Bond Fund	559,334,497	5.29	-0.22	1.07	2.34	2.11	30/09/2020
Sterling Credit Fund	520,810,564	4.93	0.77	2.58	-9.26	-5.08	19/08/2020
Multi Asset Credit Fund	655,475,201	6.20	0.66	3.34	-5.89	-0.78	11/08/2020
Global Government Bond Fund	481,623,788	4.56	2.49	2.59	-4.86	-3.50	19/08/2020
Global Credit Fund	693,812,025	6.56	1.13	2.05	-8.27	-4.79	20/08/2020

WALES PENSION PARTNERSHIP TOTAL FUND GROSS OF FEES

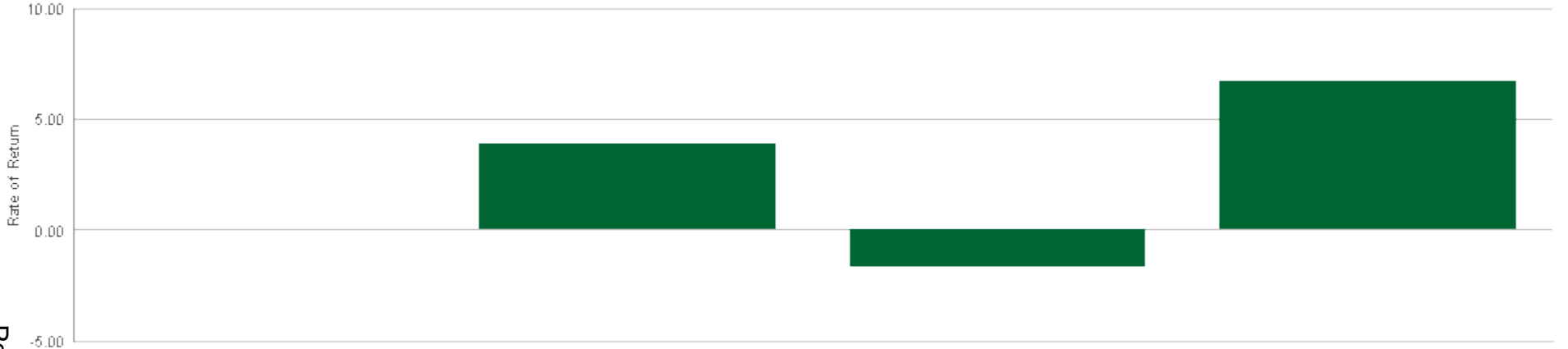


	One Month	Three Months	One Year	ITD
Fund	0.01	3.93	-1.38	7.03

Total Fund Net of Fees

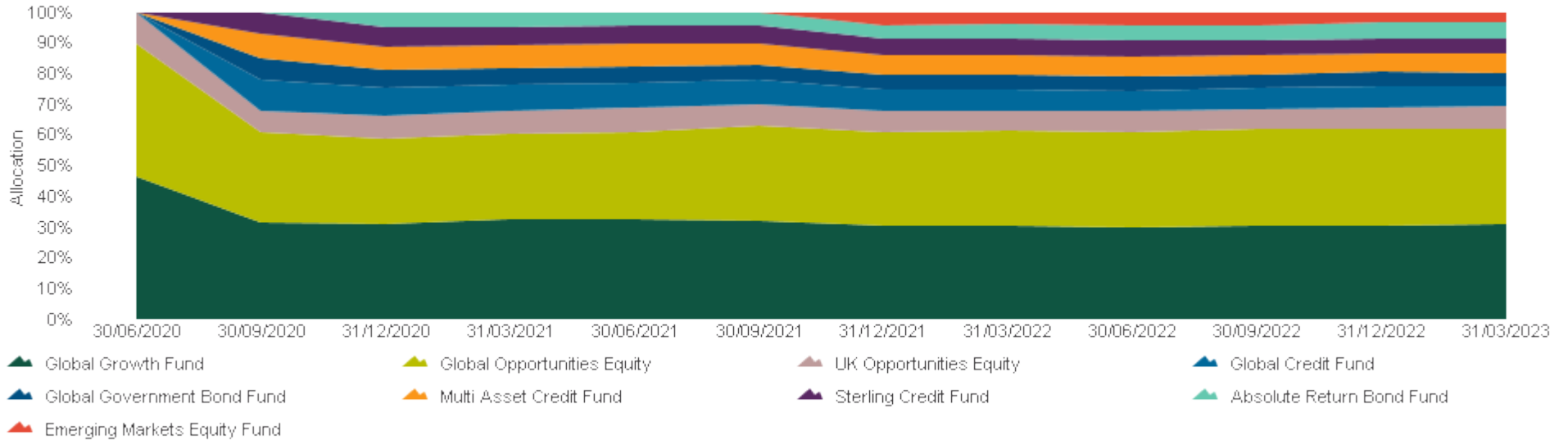
Account/Group -Rate of Return	E.MV-NOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	10,568,122,585	100.00	-0.02	3.85	-1.68	6.67	06/02/2019
Equity	7,658,021,816	72.46	-0.37	4.44	-0.09	9.25	06/02/2019
Global Growth Fund	3,274,152,681	30.98	-0.14	5.46	-0.90	8.98	06/02/2019
Emerging Markets Equity Fund	354,601,852	3.36	0.51	2.44	-3.62	-6.69	29/10/2021
Global Opportunities Equity	3,269,124,129	30.93	-0.03	3.33	0.28	10.51	14/02/2019
UK Opportunities Equity	760,143,154	7.19	-3.09	5.95	4.23	3.32	11/10/2019
Fixed Income	2,910,100,769	27.54	0.90	2.27	-5.81	-2.91	11/08/2020
Absolute Return Bond Fund	559,106,850	5.29	-0.26	1.01	2.07	1.81	30/09/2020
Sterling Credit Fund	520,721,096	4.93	0.76	2.54	-9.38	-5.20	19/08/2020
Multi Asset Credit Fund	655,191,299	6.20	0.62	3.25	-6.23	-1.13	11/08/2020
Global Government Bond Fund	481,416,740	4.56	2.48	2.53	-5.10	-3.73	19/08/2020
Global Credit Fund	693,664,785	6.56	1.11	2.00	-8.43	-4.96	20/08/2020

WALES PENSION PARTNERSHIP TOTAL FUND NET OF FEES



	One Month	Three Months	One Year	ITD
Fund	-0.02	3.85	-1.68	6.67

Allocation over Time



Account / Group	30/06/2022		30/09/2022		31/12/2022		31/03/2023	
	Market Value	Actual Weight	Market Value	Actual Weight	Market Value	Actual Weight	Market Value	Actual Weight
Wales Pension Partnership	10,138,881,636	100.00	9,922,517,348	100.00	10,170,621,226	100.00	10,572,685,566	100.00
Global Growth Fund	3,029,470,681	29.88	3,002,059,424	30.26	3,105,965,525	30.54	3,275,477,246	30.98
Emerging Markets Equity Fund	441,870,246	4.36	425,468,636	4.29	342,629,529	3.37	355,135,988	3.36
Global Opportunities Equity	3,135,386,196	30.92	3,124,281,227	31.49	3,189,587,194	31.36	3,270,569,883	30.93
UK Opportunities Equity	674,445,628	6.65	647,858,865	6.53	717,861,949	7.06	760,446,373	7.19
Absolute Return Bond Fund	491,744,428	4.85	520,974,227	5.25	529,049,498	5.20	559,334,497	5.29
Sterling Credit Fund	531,530,290	5.24	477,276,897	4.81	507,876,232	4.99	520,810,564	4.93
Multi Asset Credit Fund	657,321,457	6.48	602,858,046	6.08	627,688,349	6.17	655,475,201	6.20
Global Government Bond Fund	483,667,197	4.77	461,701,165	4.65	469,735,945	4.62	481,623,788	4.56
Global Credit Fund	693,445,514	6.84	660,038,861	6.65	680,227,005	6.69	693,812,025	6.56

SECTION 2

Equity

Investment Risk & Analytical Services

March 31, 2023

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Investment Hierarchy

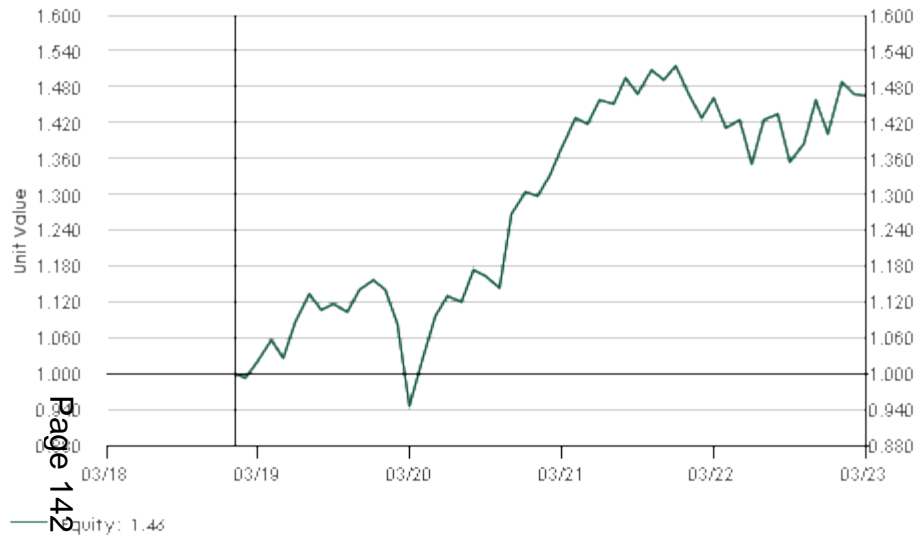
Account/Group	Ending Market Value GBP	Ending Weight	Policy Weight	% Rate of Return							Inception to Date	Inception Date
				One Month	Three Months	One Year	Three Years	Five Years	Ten Years			
Equity	7,661,629,491	100.00		-0.33	4.53	0.24	15.72	-	-	9.63	06/02/2019	
Global Growth Fund	3,275,477,246	42.75		-0.11	5.56	-0.54	15.27	-	-	9.40	06/02/2019	
MSCI ACWI ND				0.93	4.39	-1.43	15.47	-	-	9.79	06/02/2019	
Excess Return				-1.04	1.16	0.90	-0.20	-	-	-0.40	06/02/2019	
LF WPP GGF - BAILLIE GIFFORD	1,233,342,886	16.10	40.00	0.95	4.72	-5.10	10.87	-	-	8.48	06/02/2019	
MSCI ACWI ND				0.93	4.39	-1.43	15.47	-	-	9.79	06/02/2019	
Excess Return				0.01	0.33	-3.67	-4.60	-	-	-1.32	06/02/2019	
LF WPP GGF - PZENA INV MGT LLC	1,219,190,804	15.91	35.00	-2.98	4.57	5.01	23.21	-	-	9.83	06/02/2019	
MSCI ACWI ND				0.93	4.39	-1.43	15.47	-	-	9.79	06/02/2019	
Excess Return				-3.92	0.18	6.44	7.75	-	-	0.04	06/02/2019	
LF WPP GGF - VERITAS AM LLP	821,919,135	10.73	25.00	2.80	8.35	-1.39	12.16	-	-	9.44	06/02/2019	
MSCI ACWI ND				0.93	4.39	-1.43	15.47	-	-	9.79	06/02/2019	
Excess Return				1.87	3.96	0.04	-3.31	-	-	-0.35	06/02/2019	
Operator Account	1,002,617	0.01		0.43	11.98	-5.89	-	-	-	-	31/01/2018	
Top Account	0	0.00		0.00	0.00	-	-	-	-	-	31/01/2018	
Transition Account	21,803	0.00		0.31	-0.96	3.98	-0.23	-	-	-	31/01/2018	
Emerging Markets Equity Fund	355,135,988	4.64		0.57	2.57	-3.19	-	-	-	-6.24	29/10/2021	
MSCI Emerging Markets ND +1.5%				1.00	1.51	-3.48	-	-	-	-5.77	29/10/2021	
Excess Return				-0.43	1.05	0.28	-	-	-	-0.47	29/10/2021	
LF WALES PP EM RUSSELL ENHANCE	351,457,170	4.59		0.54	2.50	-3.91	-	-	-	-6.61	29/10/2021	
LF WALES PP EM-FA INC COLL A/C	1,887,074	0.02		0.15	0.12	-	-	-	-	-	29/10/2021	
LF WALES PP EMEF RUSSELL CASH	1,791,744	0.02		7.14	2.41	-24.12	-	-	-	-26.24	29/10/2021	
Top Account	0	0.00		0.00	0.00	-	-	-	-	-	29/10/2021	
Global Opportunities Equity	3,270,569,883	42.69		0.00	3.41	0.55	16.81	-	-	10.83	14/02/2019	
MSCI ACWI ND				0.93	4.39	-1.43	15.47	-	-	9.47	14/02/2019	
Excess Return				-0.93	-0.99	1.99	1.34	-	-	1.36	14/02/2019	
LF WALES PPGOEF	3,155,889,234	41.19	15.00	0.16	3.51	1.49	18.15	-	-	8.14	14/02/2019	
MSCI ACWI ND				0.93	4.39	-1.43	15.47	-	-	9.47	14/02/2019	
Excess Return				-0.77	-0.89	2.92	2.69	-	-	-1.33	14/02/2019	
LF WALES PPGOEF - MSTANLEY	6,932	0.00	12.00	0.22	-1.52	78.36	25.36	-	-	20.86	14/02/2019	
MSCI ACWI ND				0.93	4.39	-1.43	15.47	-	-	9.47	14/02/2019	
Excess Return				-0.71	-5.92	79.79	9.89	-	-	11.39	14/02/2019	
LF WALES PPGOEF JACOBS LEVY	0	0.00	14.00	3.45	3.45	-9.09	20.29	-	-	13.78	14/02/2019	

Account/Group	Ending Market Value GBP	Ending Weight	Policy Weight	% Rate of Return							
				One Month	Three Months	One Year	Three Years	Five Years	Ten Years	Inception to Date	Inception Date
LF WALES PPGOEF NUMERIC	163,644	0.00	19.00	-1.16	-3.52	99.35	2.07	-	-	0.26	14/02/2019
<i>MSCI World Index</i>				0.94	4.81	-0.99	16.51	-	-	10.49	14/02/2019
<i>Excess Return</i>				-2.10	-8.33	100.34	-14.44	-	-	-10.23	14/02/2019
LF WALES PPGOEF NWQ INV MGMT	-0	-0.00	14.00	0.00	0.00	-0.00	-4.43	-	-	-4.40	14/02/2019
LF WALES PPGOEF SANDERS CAP	71,280	0.00	15.00	-2.73	-5.17	152.13	28.71	-	-	19.06	14/02/2019
<i>MSCI ACWI ND</i>				0.93	4.39	-1.43	15.47	-	-	9.47	14/02/2019
<i>Excess Return</i>				-3.66	-9.56	153.57	13.24	-	-	9.59	14/02/2019
LF WALES PPGOEF SW MITCHELL	278,521	0.00	11.00	-0.94	-3.24	-1.66	2.16	-	-	0.11	14/02/2019
<i>MSCI Europe ND</i>				0.23	7.56	7.96	15.11	-	-	8.19	14/02/2019
<i>Excess Return</i>				-1.18	-10.80	-9.61	-12.95	-	-	-8.08	14/02/2019
Operator Account	2,620,938	0.03		-0.05	-0.14	-	-	-	-	-	31/01/2019
RI - Overlays	111,523,184	1.46		-2.90	1.71	-17.93	38.81	-	-	26.04	14/02/2019
Top Account	0	0.00		-	-	-	-	-	-	-	31/01/2018
Transition Account	16,150	0.00		0.22	-3.35	-2.37	-5.77	-	-	-	31/01/2018
UK Opportunities Equity	760,446,373	9.93		-3.06	6.05	4.60	14.55	-	-	3.72	11/10/2019
<i>FTSE All-Share</i>				-2.84	3.08	2.92	13.81	-	-	4.55	11/10/2019
<i>Excess Return</i>				-0.22	2.97	1.68	0.74	-	-	-0.83	11/10/2019
Collection Account	1,420,521	0.02		0.18	0.03	-1509.10	-	-	-	-	11/10/2019
RI - Overlays	6,476,524	0.08		-0.48	0.75	-1.31	2.98	-	-	-7.60	11/10/2019
Top Account	0	0.00		0.00	-	-	-	-	-	-	11/10/2019
Transition account	3,598	0.00		0.01	0.01	0.30	0.10	-	-	5.46	11/10/2019
W PP UK OPPTS EQ RC	752,545,730	9.82	100.00	-3.08	6.09	4.55	14.62	-	-	3.75	11/10/2019
<i>FTSE All-Share</i>				-2.84	3.08	2.92	13.81	-	-	4.55	11/10/2019
<i>Excess Return</i>				-0.25	3.01	1.63	0.81	-	-	-0.80	11/10/2019

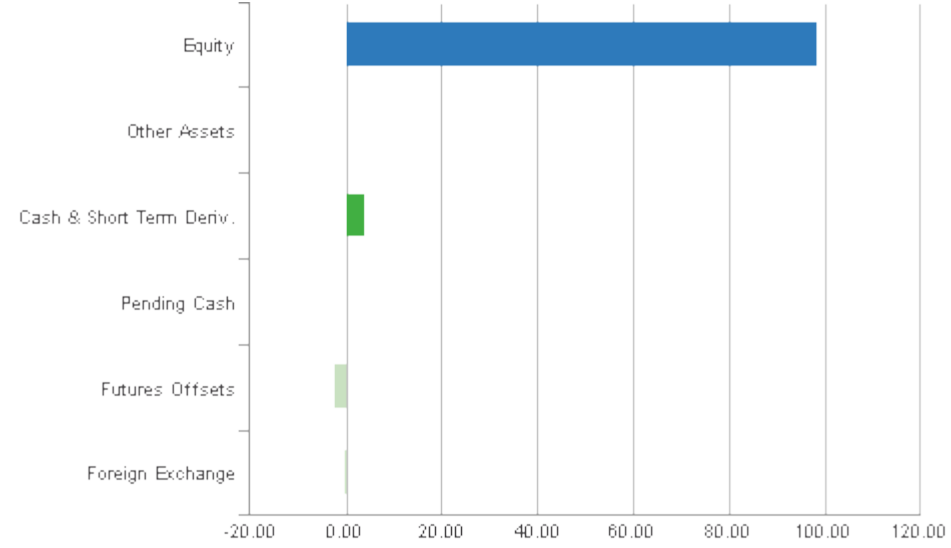
Equity Summary

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	3 Yrs	ITD	Inc Date
Equity	7,661,629,491	100.00	-0.33	4.53	0.24	15.72	9.63	06/02/2019
Global Growth Fund	3,275,477,246	42.75	-0.11	5.56	-0.54	15.27	9.40	06/02/2019
Emerging Markets Equity Fund	355,135,988	4.64	0.57	2.57	-3.19	-	-6.24	29/10/2021
Global Opportunities Equity	3,270,569,883	42.69	0.00	3.41	0.55	16.81	10.83	14/02/2019
UK Opportunities Equity	760,446,373	9.93	-3.06	6.05	4.60	14.55	3.72	11/10/2019

GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND GROSS OF FEES



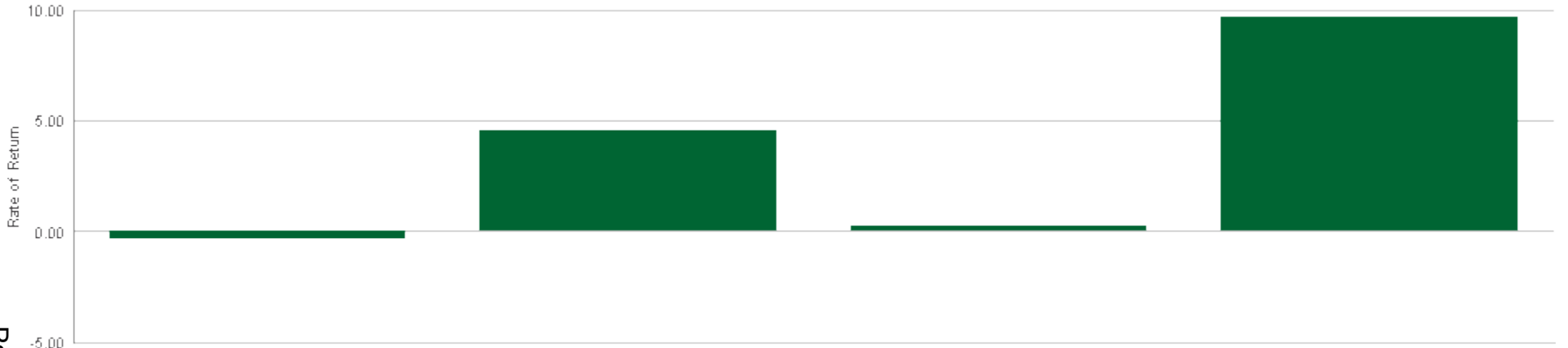
ASSET CLASS ENDING WEIGHTS



Total Fund Gross of Fee

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	3 Yrs	ITD	Inc Date
Equity	7,661,629,491	100.00	-0.33	4.53	0.24	15.72	9.63	06/02/2019
Global Growth Fund	3,275,477,246	42.75	-0.11	5.56	-0.54	15.27	9.40	06/02/2019
Emerging Markets Equity Fund	355,135,988	4.64	0.57	2.57	-3.19	-	-6.24	29/10/2021
Global Opportunities Equity	3,270,569,883	42.69	0.00	3.41	0.55	16.81	10.83	14/02/2019
UK Opportunities Equity	760,446,373	9.93	-3.06	6.05	4.60	14.55	3.72	11/10/2019

EQUITY TOTAL FUND GROSS OF FEES

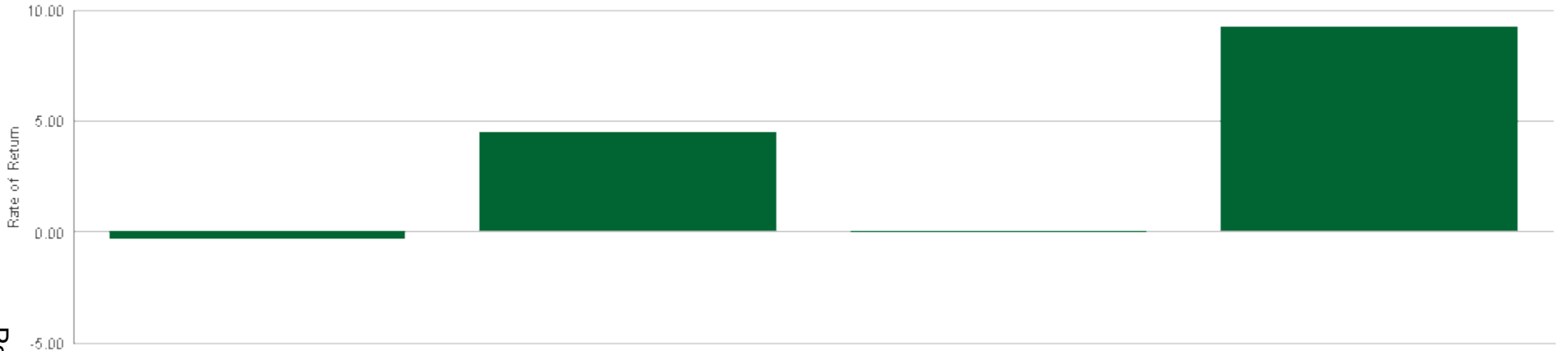


	One Month	Three Months	One Year	ITD
Fund	-0.33	4.53	0.24	9.63

Total Fund Net of Fee

Account/Group -Rate of Return	E.MV-NOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Equity	7,658,021,816	100.00	-0.37	4.44	-0.09	9.25	06/02/2019
Global Growth Fund	3,274,152,681	42.75	-0.14	5.46	-0.90	8.98	06/02/2019
Emerging Markets Equity Fund	354,601,852	4.63	0.51	2.44	-3.62	-6.69	29/10/2021
Global Opportunities Equity	3,269,124,129	42.69	-0.03	3.33	0.28	10.51	14/02/2019
UK Opportunities Equity	760,143,154	9.93	-3.09	5.95	4.23	3.32	11/10/2019

EQUITY TOTAL FUND NET OF FEES



	One Month	Three Months	One Year	ITD
Fund	-0.37	4.44	-0.09	9.25

SECTION 3

Fixed Income

Investment Risk & Analytical Services

March 31, 2023

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Investment Hierarchy

Account/Group	Ending Market Value GBP	Ending Weight	Policy Weight	% Rate of Return							Inception to Date	Inception Date
				One Month	Three Months	One Year	Three Years	Five Years	Ten Years			
Fixed Income	2,911,056,075	100.00		0.92	2.33	-5.59	-	-	-	-2.68	11/08/2020	
Absolute Return Bond Fund	559,334,497	19.21		-0.22	1.07	2.34	-	-	-	2.11	30/09/2020	
<i>3 month GBP Sonia plus 2%</i>				<i>0.51</i>	<i>1.44</i>	<i>4.32</i>	-	-	-	<i>2.99</i>	<i>30/09/2020</i>	
<i>Excess Return</i>				<i>-0.73</i>	<i>-0.37</i>	<i>-1.98</i>	-	-	-	<i>-0.87</i>	<i>30/09/2020</i>	
Collection Account	1,040,460	0.04		0.15	0.38	-22.09	-	-	-	-	30/07/2020	
LF WPP ARF - Aegon	126,965,306	4.36		0.49	1.67	3.83	-	-	-	-	30/09/2020	
LF WPP ARF - Insight	141,414,779	4.86		-1.40	0.23	2.45	-	-	-	-	30/09/2020	
LF WPP ARF - Putnam	33,346,999	1.15		-2.25	-0.65	9.74	-	-	-	-	30/09/2020	
LF WPP ARF - Wellington	222,807,913	7.65		-0.02	0.34	2.99	-	-	-	-	30/09/2020	
Russell Curr Hedge	1,162,810	0.04		-	-	-	-	-	-	-	30/06/2020	
Russell Overlay	32,596,231	1.12		0.32	-0.38	11.74	-	-	-	-	30/06/2020	
Top Account	0	0.00		-	-	-	-	-	-	-	30/06/2020	
Sterling Credit Fund	520,810,564	17.89		0.77	2.58	-9.26	-	-	-	-5.08	19/08/2020	
<i>ICE BofA ML Eur-Stg plus 0.65%</i>				<i>1.12</i>	<i>2.53</i>	<i>-9.58</i>	-	-	-	<i>-5.59</i>	<i>19/08/2020</i>	
<i>Excess Return</i>				<i>-0.35</i>	<i>0.05</i>	<i>0.32</i>	-	-	-	<i>0.51</i>	<i>19/08/2020</i>	
LF WPP SCF - Fidelity	520,810,546	17.89		0.77	2.58	-9.20	-	-	-	-5.48	19/08/2020	
Top Account	0	0.00		0.00	0.00	-	-	-	-	-	27/07/2020	
Transition Account	18	0.00		0.00	-0.00	0.06	-	-	-	-	27/07/2020	
Multi Asset Credit Fund	655,475,201	22.52		0.66	3.34	-5.89	-	-	-	-0.78	11/08/2020	
<i>3 month GBP Sonia plus 4%</i>				<i>0.67</i>	<i>1.94</i>	<i>6.36</i>	-	-	-	<i>4.96</i>	<i>11/08/2020</i>	
<i>Excess Return</i>				<i>-0.01</i>	<i>1.40</i>	<i>-12.25</i>	-	-	-	<i>-5.75</i>	<i>11/08/2020</i>	
Collection Account	1,026,269	0.04		1.29	1.26	-	-	-	-	-	27/07/2020	
LF WPP MAC - Barings	159,310,524	5.47		-1.36	0.17	0.41	-	-	-	0.50	11/08/2020	
LF WPP MAC - BlueBay	72,195,737	2.48		-3.09	-1.48	1.32	-	-	-	2.63	11/08/2020	
LF WPP MAC - GLG	134,462,561	4.62		-0.51	-0.32	4.68	-	-	-	0.21	11/08/2020	
LF WPP MAC - Voya	81,358,633	2.79		-3.60	-2.18	5.57	-	-	-	3.78	11/08/2020	
Russell Curr Hedge	14,704,390	0.51		-	-	-	-	-	-	-	27/07/2020	
Russell Overlay	26,486,096	0.91		0.11	-0.26	-26.66	-	-	-	-	27/07/2020	
Russell Pooled	165,978,921	5.70		0.14	6.21	-2.07	-	-	-	-	27/07/2020	
Top Account	-47,923	-0.00		-	-	-	-	-	-	-	27/07/2020	
Transition Account	-5	-0.00		0.00	0.00	0.00	-	-	-	792.31	27/07/2020	
Global Government Bond Fund	481,623,788	16.54		2.49	2.59	-4.86	-	-	-	-3.50	19/08/2020	
<i>FTSE WGBI Index</i>				<i>2.59</i>	<i>3.02</i>	<i>-6.62</i>	-	-	-	<i>-5.13</i>	<i>19/08/2020</i>	
<i>Excess Return</i>				<i>-0.10</i>	<i>-0.43</i>	<i>1.76</i>	-	-	-	<i>1.63</i>	<i>19/08/2020</i>	

Account/Group	Ending Market Value GBP	Ending Weight	Policy Weight	% Rate of Return							
				One Month	Three Months	One Year	Three Years	Five Years	Ten Years	Inception to Date	Inception Date
Collection Account	748,702	0.03		0.63	0.49	-708.03	-	-	-	-	30/07/2020
LF WPP GGB - BlueBay	252,234,407	8.66		1.35	0.25	-1.54	-	-	-	-3.85	19/08/2020
LF WPP GGB - Colchester	196,192,540	6.74		1.70	0.32	0.07	-	-	-	-3.50	19/08/2020
Russell Curr Hedge	6,434,926	0.22		542.54	-119.77	-6199.17	-	-	-	-	18/08/2020
Russell Overlay	26,000,713	0.89		1.51	1.69	-3.64	-	-	-	-1.04	30/07/2020
Top Account	12,491	0.00		-25.44	-25.44	-	-	-	-	-	30/07/2020
Transition Account	8	0.00		-0.00	-0.82	3.04	-	-	-	-	30/07/2020
Global Credit Fund	693,812,025	23.83		1.13	2.05	-8.27	-	-	-	-4.79	20/08/2020
<i>BBG Global Aggregate Credit Index hedged into GBP</i>				2.04	2.63	-6.56	-	-	-	-4.94	20/08/2020
<i>Excess Return</i>				-0.92	-0.58	-1.71	-	-	-	0.15	20/08/2020
Collection Account	744,750	0.03		0.15	0.09	-	-	-	-	-	27/07/2020
LF WPP GCF - Fidelity	133,401,507	4.58		1.16	0.68	-6.02	-	-	-	-6.16	20/08/2020
LF WPP GCF - Logan Circle	205,961,507	7.08		-0.37	0.05	-0.27	-	-	-	-2.11	20/08/2020
LF WPP GCF - T Rowe Price	79,227,865	2.72		0.60	0.70	-0.92	-	-	-	-2.84	20/08/2020
LF WPP GCF - Western	201,091,343	6.91		-1.15	-0.66	-3.69	-	-	-	-3.67	20/08/2020
Russell Curr Hedge	10,986,694	0.38		153.56	-19.16	-	-	-	-	-	27/07/2020
Russell Overlay	62,398,362	2.14		1.68	1.02	10.97	-	-	-	-	27/07/2020
Top Account	0	0.00		0.00	0.00	-	-	-	-	-	27/07/2020
Transition Account	-3	-0.00		-3.76	-4.83	12.78	-	-	-	-51.35	27/07/2020

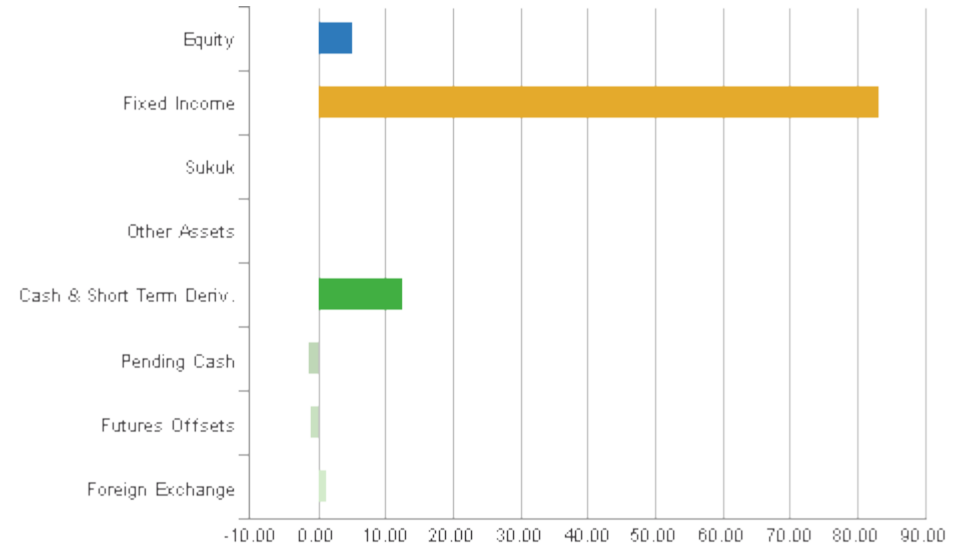
Fixed Income Summary

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Fixed Income	2,911,056,075	100.00	0.92	2.33	-5.59	-2.68	11/08/2020
Absolute Return Bond Fund	559,334,497	19.21	-0.22	1.07	2.34	2.11	30/09/2020
Sterling Credit Fund	520,810,564	17.89	0.77	2.58	-9.26	-5.08	19/08/2020
Multi Asset Credit Fund	655,475,201	22.52	0.66	3.34	-5.89	-0.78	11/08/2020
Global Government Bond Fund	481,623,788	16.54	2.49	2.59	-4.86	-3.50	19/08/2020
Global Credit Fund	693,812,025	23.83	1.13	2.05	-8.27	-4.79	20/08/2020

GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND GROSS OF FEES



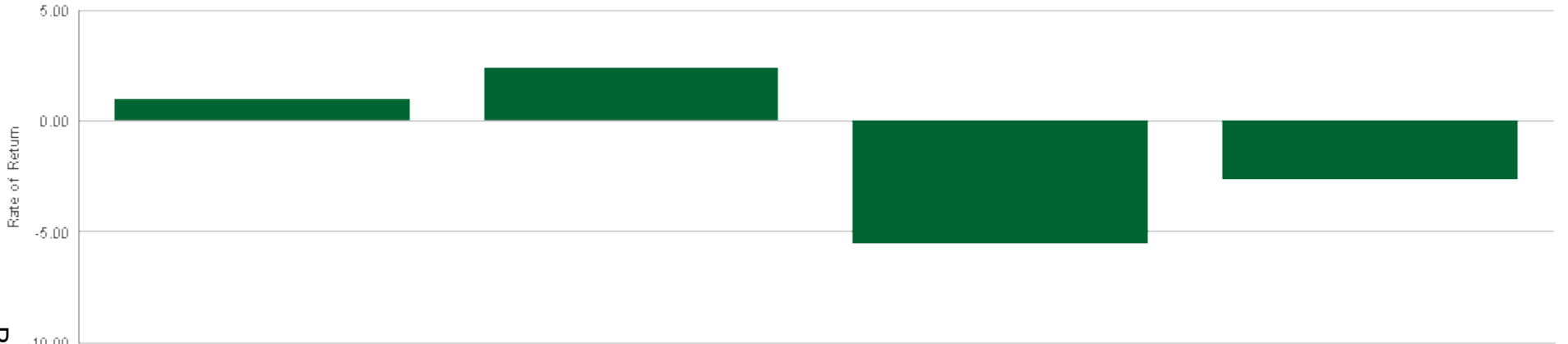
ASSET CLASS ENDING WEIGHTS



Total Fund Gross of Fee

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Fixed Income	2,911,056,075	100.00	0.92	2.33	-5.59	-2.68	11/08/2020
Absolute Return Bond Fund	559,334,497	19.21	-0.22	1.07	2.34	2.11	30/09/2020
Sterling Credit Fund	520,810,564	17.89	0.77	2.58	-9.26	-5.08	19/08/2020
Multi Asset Credit Fund	655,475,201	22.52	0.66	3.34	-5.89	-0.78	11/08/2020
Global Government Bond Fund	481,623,788	16.54	2.49	2.59	-4.86	-3.50	19/08/2020
Global Credit Fund	693,812,025	23.83	1.13	2.05	-8.27	-4.79	20/08/2020

FIXED INCOME TOTAL FUND GROSS OF FEES

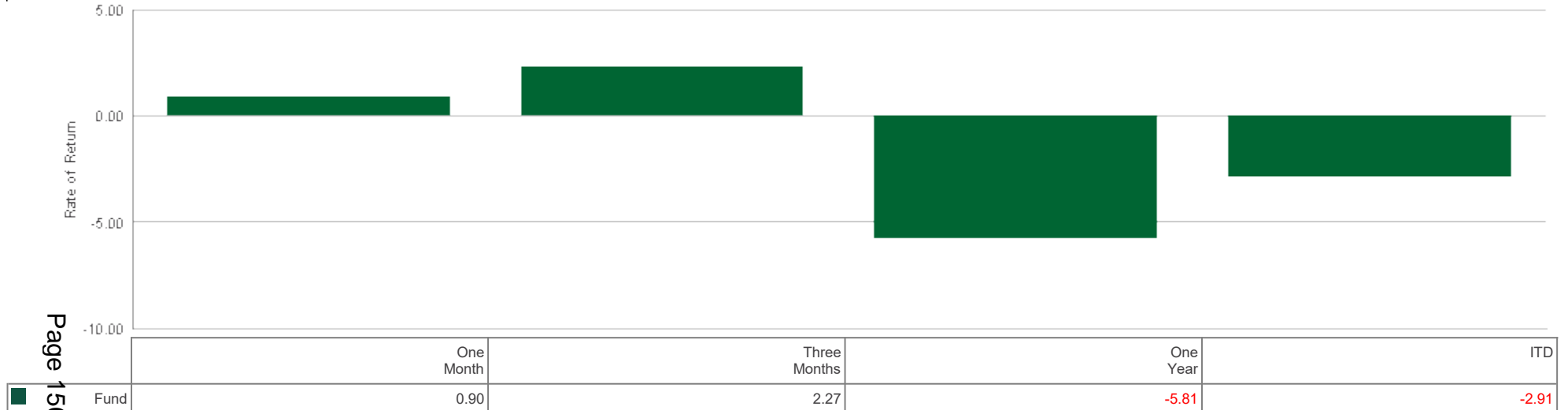


	One Month	Three Months	One Year	ITD
Fund	0.92	2.33	-5.59	-2.68

Total Fund Net of Fees

Account/Group -Rate of Return	E.MV-NOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Fixed Income	2,910,100,769	100.00	0.90	2.27	-5.81	-2.91	11/08/2020
Absolute Return Bond Fund	559,106,850	19.21	-0.26	1.01	2.07	1.81	30/09/2020
Sterling Credit Fund	520,721,096	17.89	0.76	2.54	-9.38	-5.20	19/08/2020
Multi Asset Credit Fund	655,191,299	22.51	0.62	3.25	-6.23	-1.13	11/08/2020
Global Government Bond Fund	481,416,740	16.54	2.48	2.53	-5.10	-3.73	19/08/2020
Global Credit Fund	693,664,785	23.84	1.11	2.00	-8.43	-4.96	20/08/2020

FIXED INCOME TOTAL FUND NET OF FEES



SECTION 4

Appendix

Investment Risk & Analytical Services

March 31, 2023

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