

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Monday, 5 December 2022

PRESENT: Councillor C. Weaver (Chair)

Councillors:

S. Churchman, T. Palmer, M. Lewis. P. Lewis, E. Williams, M, Ashford (s) 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)

C. Lee – Corporate Director of Resources (CoC)

N. Aurelius – Assistant Chief Executive – Resources (TCC)

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

D. Edwards – Fund Director (GCC)

J. Thomas – Head of Financial Services (PCC)

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

P. Griffiths – Director Finance and Improvement (RCT)

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

T. Williams – Senior Financial Services Officer (CCC)

J. Owens – Democratic Services Officer (CCC) [Assisting]

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

R. Morris – Member Services Officer (CCC) [Assisting]

S. Rees – Simultaneous Translator (CCC)

Also in attendance to present reports:

A. Johnston – Hymans Robertson

R. Barrack – Hymans Robertson

I. Colvin – Hymans Robertson

K. Midl – Link Fund Solutions

R. Thornton – Link Fund Solutions

J. Zealander - Link Fund Solutions

N. Round – Northern Trust

A. Knell – Robeco

A. Samson – Robeco

I. Ali – Russell Investments

A. Quinn – Russell Investments

S. Gervaise-Jones – Bfinance

Also present as observers:

M. Falconer – Pension Manager (CoC)

C. Hurst – Pension Fund Manager (PCC)

D. Jones-Thomas – Investment Manager (GCC)

Y. Keitch – Principal Accountant (RCT)

G. Watkins – Revenue Services Manager (CoC)



A. Bull – Pensions Investment Manager (TCC)
K. Cobb – Senior Accountant (C&CS)

Virtual Meeting - 2.10 - 4.29 pm

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Mark Norris (Rhondda Cynon Taf County Borough Council).

2. DECLARATIONS OF INTEREST

| Member | Agenda Item No. | Interest |
|----------------------|------------------------|--|
| Cllr. M. Lewis | All agenda items | He is a member of Swansea Pension Fund along with his wife. |
| Cllr.S. Churchman | All agenda items | He is a member of the Gwynedd Pension Fund |
| Cllr. P. Lewis | All agenda items | He is a member of the Powys Pension Fund |
| Cllr. N. Yeowell | All agenda items | His father and two aunts are members of the Gwent Pension Fund and is in the process of joining the Gwent Pension Fund |
| Cllr. M. Ashford (s) | All agenda items | He is a member of the Gloucestershire and Swansea 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 8TH JULY 2022

UNANIMOUSLY RESOLVED that the minutes of the Joint Governance Committee meeting held on 8th July, 2022 be signed as a correct record.

4. HOST AUTHORITY UPDATE



[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, S. Churchman, M. Ashford (s), 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; and
- Resources, budget and fees.

UNANIMOUSLY RESOLVED that the Host Authority update be received.

5. RISK REGISTER Q3 & Q4 2022 REVIEW

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

The Joint Committee considered the Risk Register Q3 & Q4 2022 Review. 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.

During Q3 2022, a review was undertaken of the Training & Resources and Communication Risks and during Q4 2022 the Investment Risks.

The next review will take place in Q1 2023 and will focus on risks G.1 to G.8 of the Governance & Regulation Risks section.

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

6. NEW POLICIES / PLANS

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



The Joint Committee received a report on the new Complaints Policy. The Policy relates to the eight CA's of the WPP. It was noted that the IAA contains a section on the Alternative Dispute Resolution which sets out the process under which any dispute between the CA's in relation to matters covered by the IAA will be resolved.

UNANIMOUSLY RESOLVED that the Complaints Policy be approved.

7. ANNUAL POLICY REVIEWS

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

The Joint Committee received an updated report on the Responsible Investment Policy.

Following this year's review, the policy has been updated to include a section on Human Rights (section 5) and point no 8.2 under Stewardship has been extended to include the voting on the pooled passive funds.

It was noted that there was an amendment, to point 8.2, as highlighted, to the following sentence:

WPP has appointed a V&E Provider to undertake proxy voting on all shares held within WPP sub-funds, as well as the pooled passive funds **where possible**, and to undertake direct engagement with companies on behalf of WPP.

A query was raised regarding the wording, under the stock lending section point 8.8, as is unclear as to the actual percentage out on loan

It was agreed that the policy wording would be amended to reflect that the WPP will lend a maximum of 95% of the holding in any single stock.

UNANIMOUSLY RESOLVED that the Responsible Investment Policy, be approved, subject to the inclusion of the two amendments.

8. OPERATOR UPDATE

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, S. Churchman, M. Ashford (s), 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 including the engagement protocol and key meeting dates.

UNANIMOUSLY RESOLVED that the Operator Update be received

9. PERFORMANCE REPORTS AS AT 30 SEPTEMBER 2022

[NOTE: Councillors M. Lewis, C. Weaver, P. Lewis, N. Yeowell, S. Churchman, M. Ashford (s), 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 30 September 2022. It was advised that the sub funds had outperformed/underperformed their respective benchmarks, as follows:

- Global Opportunities – outperformed by 1.73% gross / 1.40% net
- Global Growth – underperformed by 1.27% gross / 1.69% net
- Emerging Markets – underperformed by 0.99% gross / 1.31% net
- UK Opportunities – underperformed by 2.53% gross / 2.93% net
- Global Government Bond – outperformed by 1.06% gross / 0.84% net
- Global Credit – outperformed by 0.12% gross / underperformed by 0.03% Net

The MAC, ARB and UK credit have not met their targets.

UNANIMOUSLY RESOLVED that the Performance Reports of the following sub-funds, as at 30 September 2022, be noted:

- **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**

10. EXCLUSION OF THE PUBLIC



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

11. GLOBAL SECURITIES LENDING REVIEW AS AT 30 SEPTEMBER 2022

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 10 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would adversely impact upon the Pension Fund by disadvantaging negotiations between the Investment Managers.

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

The Joint Committee considered the Global Securities Lending Review, as at 30th September, 2022.

UNANIMOUSLY RESOLVED that the Global Securities Lending Review as at 30th September, 2022 be noted.

12. ROBECO ENGAGEMENT SERVICE - Q3 2022 ENGAGEMENT REPORT

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 10 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. Ashford (s), T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Engagement Report for Q3 2022, which ended on 30th September, 2022.

UNANIMOUSLY RESOLVED that the Engagement Report for Q3 of 2022 be noted.

13. WPP PRIVATE MARKET ALLOCATOR APPOINTMENTS

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 10 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. Ashford (s), T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report to appoint a Private Market Allocator for the Wales Pension Partnership.

A two-stage competitive procedure with negotiation procurement process has been undertaken to appoint an Allocator for the Private Equity asset class.

UNANIMOUSLY RESOLVED that the Allocator Appointment, as detailed in the report, be approved

14. RESPONSIBLE INVESTMENT & CLIMATE RISK REPORT

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 10 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. Ashford (s), 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:

- Absolute Return Bond (ARB) sub fund
- Multi Asset Credit (MAC) sub fund
- UK Opportunities sub fund
- Emerging Markets sub fund

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

CHAIR

DATE

