

## 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](mailto:WalesPensionPartnership@carmarthenshire.gov.uk) and refer to the WPP website.

June 2023