



# WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

**DATE 17 JULY 2024**

## **SUBJECT**

### **ANNUAL POLICY REVIEWS**

#### **RECOMMENDATIONS / KEY DECISIONS REQUIRED:**

**To approve the updated:**

- **Responsible Investment Policy**
- **Climate Policy**
- **Stewardship Policy**

**To note the RI and Climate Risk Annual progress update**

#### **REASONS:**

The current Responsible Investment (RI), Climate and Stewardship (originally Voting) Policies were approved by the JGC in September 2019, July 2020 and December 2020 respectively. All policies are reviewed on an annual basis and the amendments recommended during this year's review require approval by the JGC.

Hymans Robertson have also undertaken their annual review of the work completed in line with the commitments set out in the RI and Climate Policies. They have provided an assessment of the progress the WPP has made during the 12 months to 31 March 2024 and the proposed areas for future focus.

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**EXECUTIVE SUMMARY**  
**JOINT GOVERNANCE COMMITTEE**  
**DATE 17 JULY 2024**

**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:

- Responsible Investment (RI) Policy
- Climate Policy
- Stewardship Policy

The RI Policy was formally approved by the JGC in September 2019 and was last reviewed and updated in December 2021. Following this year's review, the main changes have been in four main areas: Climate Change (section 4), Nature (section 5, new), Stewardship (section 9) and Securities Lending (section 11).

The Climate Policy sets out WPP's approach to addressing the requirements of the Constituent Authorities with regard to climate-related risks and opportunities, as well as the monitoring of these. The OWG has undertaken an annual review of this policy and has amended it to reflect the understanding that consideration of climate opportunities (including climate solutions) is also relevant, not just consideration of climate risk. Recognising the importance of a just transition, a new belief has been added (point 10.2) and another objective has been added around the adoption of a WPP climate framework (point 20). Monitoring and reporting have been developed further to include reporting expectations on climate change specifically (point 32), and also includes an obligation to produce an annual climate report (point 34). The Stewardship section (point 35) has also been updated to include the development of a climate-focus list for increased scrutiny.

In December 2020, the JGC approved for the WPP to adopt Robeco's Proxy Voting Policy. This policy is reviewed annually; it is proposed that WPP continues to adopt Robeco's Proxy Voting Policy. A WPP-specific Stewardship Policy has also been developed; during this year's review, a new engagement section has been added (section 3) and the escalation section of this policy (section 4) has been expanded, with the inclusion of a set of escalation principles that will govern how the WPP will address unsuccessful engagements.

All policies have also been updated to reflect the launch of the private-market vehicles, to align wording across all three policies and to expand on definitions.

Hymans have provided an assessment of the progress the WPP has made during the 12 months to 31 March 2024 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 2024/25.

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

<b>DETAILED REPORT ATTACHED?</b>	<b>YES</b>
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## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>YES</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>	Biodiversity and Climate change <b>YES</b>
<p><b>Policy</b> The Responsible Investment Policy, Climate Policy and Stewardship Policy are formal documents of the Wales Pension Partnership.</p>					
<p><b>Biodiversity and Climate change</b> All three of these policies outline WPP's approach to biodiversity and climate change issues.</p>					

## CONSULTATIONS

Details of any consultations undertaken are to be included here

<p><b>Section 100D Local Government Act, 1972 – Access to Information</b>  <b>List of Background Papers used in the preparation of this report:</b>  <b>THESE ARE DETAILED BELOW</b></p>		
Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK