

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Wednesday, 17 July 2024

PRESENT: Councillor E. Williams (Chair) (from item 3 onward)

Councillors:

M. Hughes, M. Lewis, P. Lewis, M. Norris, D. Rose 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)

S. Murphy – Joint Committee Monitoring Officer (CCC)

C. Lee – Corporate Director of Resources (CoC)

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

J. Thomas - S151 Officer (PCC)

D. Morgan – Head of Finance (GCC)

P. Griffiths – Director Finance and Improvement (RCT)

P. Latham – 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)

A. Eynon – Simultaneous Translator (CCC)

M. Runeckles – Member Support Officer (CCC)

D. Hall-Jones - Member Support Officer (CCC) [webcaster]

K. Thomas – Democratic Services Officer (CCC)

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

Also in attendance to present reports:

J. Blewitt – Audit Wales

A. Johnston – Hymans Robertson

R. Barrack – Hymans Robertson

S. Stephenson – Hymans Robertson

S. Jones – Hymans Robertson

K. Midl – Waystone Management

J. Zealander – Waystone Management

R. Thornton – Waystone Management

A. Murphy– Russell Investments

A. Quinn – Russell Investments

P. Myles – Schroders Capital

T. Creed – Schroders Capital

L. Bailey – Northern Trust

A. Knell – Robeco (item 15 only)

A. Samson – Robeco (item 15 only)



Officers present as observers:

- D. Jones-Thomas – Investment Manager (GCC)
- K. Cobb – Pension Fund Accounting & Investment Manager (C&CS)
- I. Hughes – Investment Officer of Clwyd Pension Fund (FCC)
- Y. Keitch – Principal Accountant (RCT)
- C. Hurst – Pension Fund Manager (PCC)
- G. Watkins – Assistant Director of Financial Services (CoC)
- M. Falconer – Pension Manager (CoC)

Also present as observer:

- I. Guy – Scheme Member Representative (Reserve)

Virtual Meeting - 10.00 am - 12.53 pm

[NOTE 1: Upon commencement of the meeting, the Host Authority’s Director of Resources / S151 Officer welcomed Councillors M. Hughes and D. Rose to their first meeting following their appointment to the Wales Pension Partnership Joint Governance Committee. A warm welcome was also extended to Mr S. Murphy, who had been appointed as the Host Authority’s Monitoring Officer following the retirement of his predecessor, Mrs L. Rees-Jones.

NOTE 2: The meeting adjourned at 11:32 for a comfort break and re-commenced at 11:40hrs]

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Chris Weaver.

2. APPOINTMENT OF CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING 12 CALENDAR MONTHS

UNANIMOUSLY RESOLVED that Councillor Elwyn Williams be appointed Chair of the Joint Governance Committee for the forthcoming calendar year.

3. APPOINTMENT OF VICE-CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING 12 CALENDAR MONTHS

UNANIMOUSLY RESOLVED that Councillor Medwyn Hughes be appointed Vice-Chair of the Joint Governance Committee for the forthcoming calendar year.

4. DECLARATIONS OF INTEREST

Member	Agenda Item No.	Interest
Cllr. M. Lewis	All agenda items	He is a member of Swansea Pension Fund.
Cllr. P. Lewis	All agenda items	He is a member of the Powys Pension Fund
Cllr. N. Yeowell	All agenda items	He is a member of the Greater Gwent Pension Fund



Cllr. M. Norris	All agenda items	He is a member of the RCT Pension Fund
Cllr. D. Rose	All agenda items	He is a member of the Clwyd Pension Fund
Cllr. E. Williams	All agenda items	He is a member of the Dyfed Pension Fund
Cllr. M. Hughes	All agenda items	He is a member of the Gwynedd 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.]

5. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 13TH MARCH 2024

RESOLVED that the minutes of the Joint Governance Committee meeting held on 13th March 2024 be signed as a correct record.

6. ANNUAL RETURN / AUDIT 2023/24

[NOTE: Councillors M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The JGC received the Annual Return / Audit 2023/24 with the report being divided into the following sections:

1. Accounting Statements 2023/24 – 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

The JGC Noted that Sections 1 & 2 had been completed by the Host Authority in accordance with proper practices as set out in the Practitioners Guide. Section 4 had been completed by the Host Authority's Internal Audit Department with the Annual Return having been audited by Audit Wales.

It was also noted that the Host Authority had also prepared a Statement of Accounts for the Wales Pension Partnership for 2023/24. Whilst the Statement was not a statutory requirement and would not be audited, it had been prepared for information purposes only in order to support the information included in the Annual Report.

UNANIMOUSLY RESOLVED:

- 6.1 To note the 2023/24 Audit Plan.**
- 6.2 To receive the letter from Audit Wales re the WPP 2023/24 Annual return.**
- 6.3 To approve the Audited Annual Return for 2023/24.**



6.4 To note the Unaudited Statement of Accounts for 2023/24.

7. HOST AUTHORITY UPDATE

[NOTE: Councillors M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes 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.

Reference was made to the value of pooled assets and a suggestion was put forth for percentage figures of the individual funds to be highlighted within the report going forward.

In response to a request, the Host Authority stated that informal briefings of the Joint Committee could be facilitated as and when required in order to discuss relevant matters. In this regard, members of the Joint Committee were asked to put forward suggested topics for consideration in order that appropriate arrangements could be made.

UNANIMOUSLY RESOLVED that the Host Authority update be received.

8. RISK REGISTER Q2 2024 REVIEW

[NOTE: Councillors M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee considered the Risk Register Q2 2024 review. Members were reminded 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.



A quarterly review of the register had been undertaken by the Officers Working Group (OWG) which looked at some of the risks within the Governance and Regulation section of the Risk Register. The Joint Committee was appraised of the review outcomes of each of those risks (G.8. – G.18) as summarised within the report.

The next review would take place in Q3 2024 and would focus on the Training and Resources and Communication Risks section.

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

9. ANNUAL POLICY REVIEWS

[NOTE: Councillors M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received for consideration the following update policies:

- Responsible Investment Policy
- Climate Policy
- Stewardship Policy.

It was noted that the above policies were originally approved by the JGC in September 2019, July 2020 and December 2020 respectively. Whilst all policies were reviewed annually the amendments recommended during this year's review required the Joint Committee's approval.

In addition, the Joint Committee was informed that an annual review had been undertaken in line with the commitments set out in the Responsible Investment and Climate policies and provided an assessment of the progress made by the WPP during the 12 months to 31 March 2024 and the proposed areas for future focus.

A request was made for any proposed policy amendments to be highlighted within future reports for ease of reference.

In respect of the Stewardship Policy, it was commented that the wording in section 4.3 should be reviewed to clarify the powers and responsibilities of the Joint Committee regarding sell decisions and consideration of divestment, with Investment Managers being responsible for implementing those decisions. An assurance was provided from the Hymans representatives that the current wording reflected the intent and ambitions of the Joint Committee and could be further discussed at the workshop that would be held for the Joint Committee in September 2024.

UNANIMOUSLY RESOLVED:

9.1 That the following update policies as detailed in the report be approved:



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

9.2 To note the Responsible Investment and Climate Risk Annual progress update

10. OPERATOR UPDATE - Q1 2024 REVIEW

[NOTE: Councillors M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received a presentation provided by Waystone Management (UK) Limited, on the progress of the Wales Pension Partnership for Quarter 1, 2024, in relation to the following key areas:

- Market updates;
- Current fund holdings;
- Sub-funds update;
- Corporate update and engagement

The Joint Committee received updates on the following :-

- Market Update
- Business Update
- AUM summary as at 31 March 2024
- Fund changes in relation to the Global Growth Fund
- Market Updates in relation to Russia / Ukraine and the Middle East
- Corporate Update and engagement.

UNANIMOUSLY RESOLVED that the Operator Update be received.

11. PERFORMANCE REPORTS AS AT 31 MARCH 2024

[NOTE: Councillors M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received a presentation on the Performance Reports as at 31st March, 2024. Members were advised that the sub funds that had outperformed/underperformed their respective benchmarks, were as follows:

- Global Growth – underperformed by 1.1% gross / 1.6% net



- Global Opportunities – outperformed by 1.0% gross / 0.7% net
- Sustainable Active Equity – underperformed by 3.8 gross / 4.1% net
- Emerging Markets – underperformed by 1.4% gross / 2.0% net
- UK Opportunities – underperformed by 0.1% gross / 0.5% net
- Global Government Bond – outperformed by 1.1% gross / 0.8% net
- Global Credit – benchmark met gross / underperformed by 0.2% net

The Committee noted that the MAC and ARB funds, did not meet their targets and the Sterling Credit Fund exceeded its target.

RESOLVED that the Performance Reports of the following sub-funds as at 31st March 2024 be noted:

- 11.1 Global Opportunities Equity Fund**
- 11.2 Global Growth Equity Fund**
- 11.3 Sustainable Active Equity Fund**
- 10.4 Emerging Markets Equity Fund**
- 11.5 UK Opportunities Equity Fund**
- 11.6 Global Government Bond Fund**
- 11.7 Global Credit Fund**
- 11.8 Multi Asset Credit Fund**
- 11.9 Absolute Return Bond Fund**
- 11.10 Sterling Credit Fund**

12. PRIVATE MARKETS UPDATE - PRIVATE EQUITY

[NOTE: Councillors M. Lewis, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received a presentation by Schrodgers Capital, the WPP's Private Equity Allocator, on the closed-ended private equity programme that focused on diversified investments across primaries, secondaries, and co-investments in North America, Europe and Asia. A total of £156m had been committed to date with the participating pensions funds investing in the programme being Cardiff & Vale of Glamorgan, Clwyd, Gwynedd, Powys and the City and County of Swansea.

UNANIMOUSLY RESOLVED that the Private Markets Update – Private Equity Update report be received.

13. 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 item as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

14. SECURITIES LENDING PERFORMANCE REVIEW 2023/24

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 13 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, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Governance Committee noted the 2023/2024 Securities Lending Performance Review Report.

UNANIMOUSLY RESOLVED that the 2023/2024 Securities Lending Performance Review report be noted.

15. ROBECO ENGAGEMENT SERVICE - Q1 2024 ENGAGEMENT REPORT

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 13 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, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received the Engagement Report for Q1 of 2024 (quarter ending 31 March, 2024).

UNANIMOUSLY RESOLVED that the Engagement Report for Q1 of 2024 be noted.

16. 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 13 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, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received the Responsible Investment and Climate Risk reports, for Quarter 1, 2024 (quarter ending 31 March, 2024), in respect of the following funds:-



- Global Growth
- Global Opportunities
- Sustainable Active Equity

The report looked at ESG and climate risk metrics and highlighted any material ESG-related risks and issues, and identified key actions for the WPP to address.

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

17. WPP SUB FUND REVIEW

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 13 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, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee received the outcome of an independent review undertaken on the following WPP's Sub Funds:

- Emerging Market
- Multi Asset Credit
- Absolute Return Bond
- Sterling Credit

UNANIMOUSLY RESOLVED that the report be received.

18. REAL ESTATE ALLOCATOR PROCUREMENT RECOMMENDATION REPORT

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 13 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, P. Lewis, N. Yeowell, M. Norris, D. Rose, E Williams and M. Hughes had earlier declared an interest in this item.]

The Joint Committee considered a report on the appointment of Private Real Estate Managers for the Wales Pension Partnership.

UNANIMOUSLY RESOLVED:

- 18.1 To appoint bidder 11 as the preferred bidder for WPP UK Core Real Estate (Lot 1) subject to the completion of the standstill period and finalisation of the Contract.
- 18.2 To appoint bidder 5 as the preferred bidder for WPP International Real Estate (Lot 2) subject to the completion of the



18.3 standstill period and finalisation of the Contract.
To appoint bidder 14 as the preferred bidder for WPP Impact /
Local Real Estate (Lot 3) subject to the completion of the
standstill period and finalisation of the Allocator Contract.

CHAIR

DATE

