



Wales Pension Partnership Annual Report 2021/2022



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Introduction

Firstly, please allow me to take this opportunity to thank you for taking the time to read our Annual Report. The report is a useful way of keeping the Wales Pension Partnership (“WPP”) stakeholders, and all other interested parties, up-to-date and informed on the work and activities undertaken by the WPP over the past twelve months.

Before handing over to the Vice-chair of our 2021/22 Joint Governance Committee, Councillor Chris Weaver, who will be providing you with an overview of some of WPP’s highlights over the past year and plans for the year ahead, I wanted to provide a brief explanation as to what the WPP is, what it does and why it does it.

The WPP is one of eight Local Government Pension Scheme (“LGPS”) Investment Pools. LGPS Investment Pools were created back in 2017 in response to government regulation which required the 89 Local Government Pension Funds in England and Wales to ‘Pool’ their assets in order to deliver greater benefits of scale, cost savings, and other efficiencies.

Prior to the announcement of the Government’s Pooling Regulation, the eight LGPS Funds within Wales, had been collaborating and had already delivered costs savings from a joint collaboration on passive investments. Following the introduction of the new pooling regulation the eight Welsh Constituent Authorities agreed that they would continue and enhance their levels of collaboration. In 2017, the WPP was formally established to facilitate and assist the pooling activities and efforts of Wales’s Constituent Authorities. Since 2017, the WPP has enabled the Constituent Authorities to pool around 72% of their assets.

All of the Constituent Authorities participating in the WPP have an equal say in the direction and actions of the pool. They have agreed that the WPP should focus on delivering an investment framework that achieves the best outcomes for its stakeholders, which are ultimately the Constituent Authorities and the underlying members of their pension funds.

All of the Constituent Authorities are involved in all aspects of the WPP and support its work programme. It was agreed that there was a need for a ‘Host Authority’ who could take responsibility for the day to day running of the Pool. Currently this role is being carried out by Carmarthenshire County Council. The Host Authority is responsible for numerous aspects of the WPP’s operations, ranging from the procurement and oversight of WPP’s service providers and advisors to the upkeep of the WPP’s website. The Host relies on the support, input and collaboration of the other seven Constituent Authorities. WPP’s strength and progress stems from the incredible levels of collaboration and trust between the Constituent Authorities, alongside their unrelenting commitment to delivering the best possible outcomes for the WPP stakeholders.

I hope that you will find this report informative and that it gives you a sense of the tremendous progress, achievements to date and benefits delivered by the Welsh Constituent Authorities’ collaboration. Please do feel free to contact us, using the contact details on Page 34, if you have any questions or feedback.

Yours Sincerely,

Chris Moore

Section 151 Officer,

Carmarthenshire County Council



JGC Chair's Statement

Welcome to the 2021/22 WPP Annual Report, which provides you with a review of the work that the WPP has undertaken over the past twelve months.

It has been another challenging year with remote working and the introduction of hybrid working and hybrid meetings, something we will see a lot more of over the next 12 months. The eight Constituent Authorities have continued to work collaboratively, and I would like to take this opportunity to thank them for the time and energy that they have contributed, as well as their positivity and flexibility, during this continued period of uncertainty.

This year saw the launch of the Emerging Markets sub fund which four of the eight funds have invested in, increasing the proportion of WPP's pooled assets to 72%. I would like to thank Link Fund Solutions, Russell Investments and Hymans Robertson for their continued assistance in developing these sub funds and for providing the constituent authorities with the opportunities to meet their own individual investment requirements.

One of WPP's key objectives for 2022/23 is the launch of the initial Private Markets sub-funds. WPP's appointed allocator advisors, bfinance, have been assisting with the identification of Allocators for the Private Market Asset Classes. The Private Debt and Infrastructure Allocators were appointed in March 2022 and these sub-funds are due to launch later this financial year.

Responsible Investment ('RI'), including climate risk continues to be a key priority for the Welsh Constituent Authorities. Quarterly climate risk monitoring reports continue to be produced for the Equity and Fixed Income sub-funds and the WPP has been working with Link Fund Solutions, Russell Investments, and the Constituent Authorities to develop a Sustainable Equity sub fund which is due to launch later in the year. An annual progress update has also been published, which provides an assessment of the progress the WPP has made towards delivering on the commitments in its RI Policy and Climate Risk Policy, a snapshot of the excellent work carried out by the WPP and, in particular, the RI sub-group.

I am delighted to announce that during 2021/22, the WPP published its first annual Stewardship Report and has been accepted as a signatory to the 2020 UK Stewardship Code. This is an amazing achievement and recognises all the work that the WPP has done and continues to do in this area. The WPP continues to engage with Robeco as its voting & engagement provider.

Since the WPP was established, one of its objectives has been to deliver a best-in-class governance framework for its stakeholders. This has been enhanced with the appointment of a co-opted (non-voting) scheme member representative on the Joint Governance Committee and the development of new policies and plans, including the Rebalancing & Alteration Policy and a Responsibilities Matrix. A Whistleblowing Policy and Business Continuity Plan are in the process of being developed and these will be finalised in 2022/23. All WPP policies are reviewed regularly and can be found on the WPP website - <https://www.walespensionpartnership.org/>, along with the annual progress update and stewardship code submission, which I refer to above.

Training and communication is critical to WPP's success and during the last 12 months, training sessions have continued to take place virtually. These sessions have covered a range of training topics relevant to the WPP and pooling with excellent attendance and engagement from Pension Committee and Pension Board members, as well as officers and JGC members. The annual training plan and a detailed workplan can be found in the 2022-2025 Business Plan.

We are proud of the progress that we have been able to make this year which has seen a further strengthening of the relationships between the Welsh Constituent Authorities and evidences the benefits of collaboration.

Finally, I would like to thank Cllr Clive Lloyd as chair of the Joint Governance Committee over the last 12 months who has subsequently ended his term of office with City and County of Swansea. I would like to wish him all the best for the future. I am looking forward to stepping up to the role of Chair over the next 12 months and to continue the excellent work of my predecessors. I would also like to welcome Cllr Ted Palmer who will take over my role as vice-chair.

We hope you enjoy our Annual Report.

Yours Sincerely,

Councillor Chris Weaver

Vice-chair of the Wales Pension Partnership Joint Governance Committee 2021/22



About the Wales Pension Partnership

Established in 2017, the WPP is a collaboration of the eight LGPS funds (Constituent Authorities) covering the whole of Wales and is one of eight national Local Government Pension pools.

We have a long, successful history of collaboration, including examples that pre-date the Government's pooling initiative. We are proud of our unique identity as a Pool – our Constituent Authorities represent and span the entirety of Wales. Being democratically accountable means, we provide the best of strong public sector governance and transparency.

Our operating model is designed to be flexible and deliver value for money. We appointed an external fund Operator and make use of external advisers to bring best of breed expertise to support the running of the Pool, this includes Hymans Robertson who have been appointed as the WPP's Oversight Advisor. The Operator is Link Fund Solutions and they have partnered with Russell Investments to deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities. The eight Constituent Authorities of the Wales Pension Partnership are:

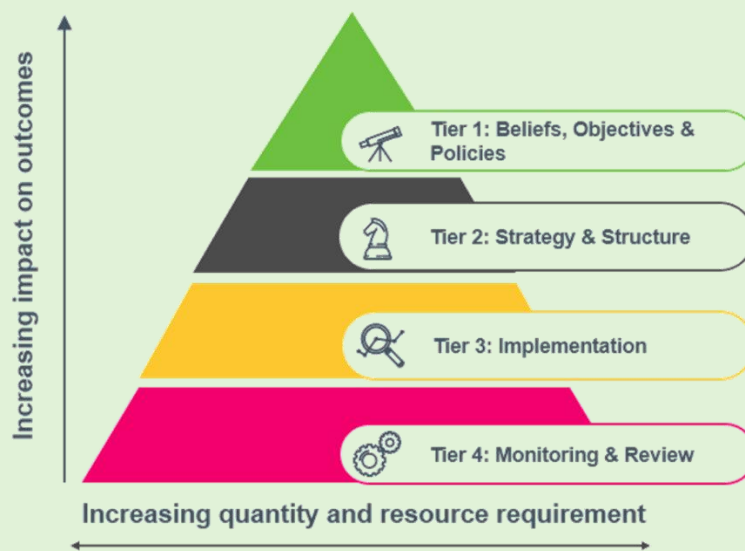


The eight Constituent Authorities have a shared vision and agreement on the means and pace at which this vision will be achieved. The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

- 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 beliefs have been given pride of place at the peak of the WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies. The WPP's governance framework is outlined below, this framework aims to ensure that key decisions are given priority and resources are focussed on areas most likely to contribute to the future success of the WPP:



The WPP is proud to represent the eight Constituent Authorities and recognises its duty to ensure the needs and requirements of its stakeholders are met. The WPP, through consultation with all eight Constituent Authorities, has formulated a list of primary objectives which stem from its overarching beliefs. These can be summarised as follows:

- 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.

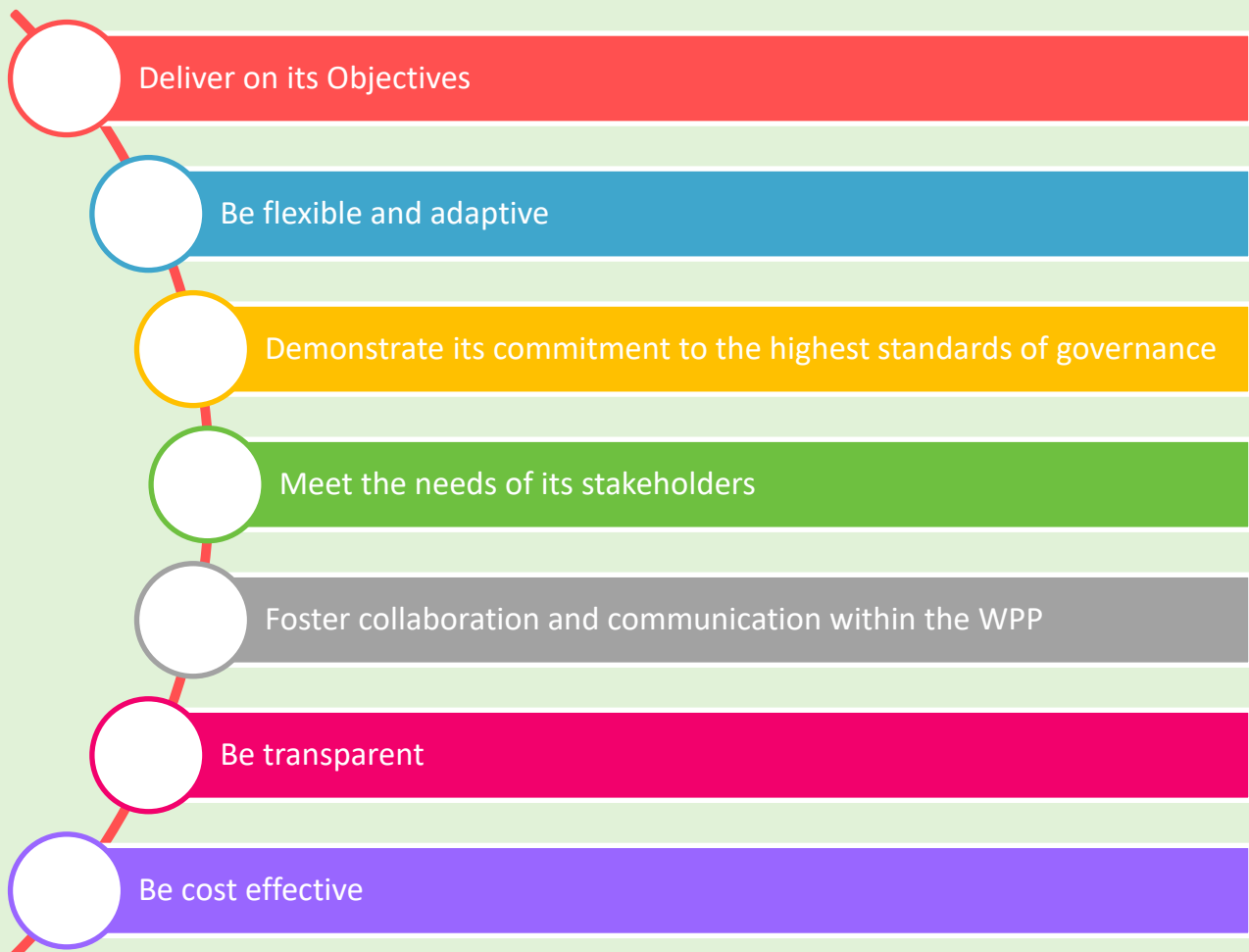
The eight Constituent Authorities recognise that their strength derives from their shared beliefs and their ability to work together to deliver on their unified objectives for the benefit of all WPP stakeholders.

Pool Management

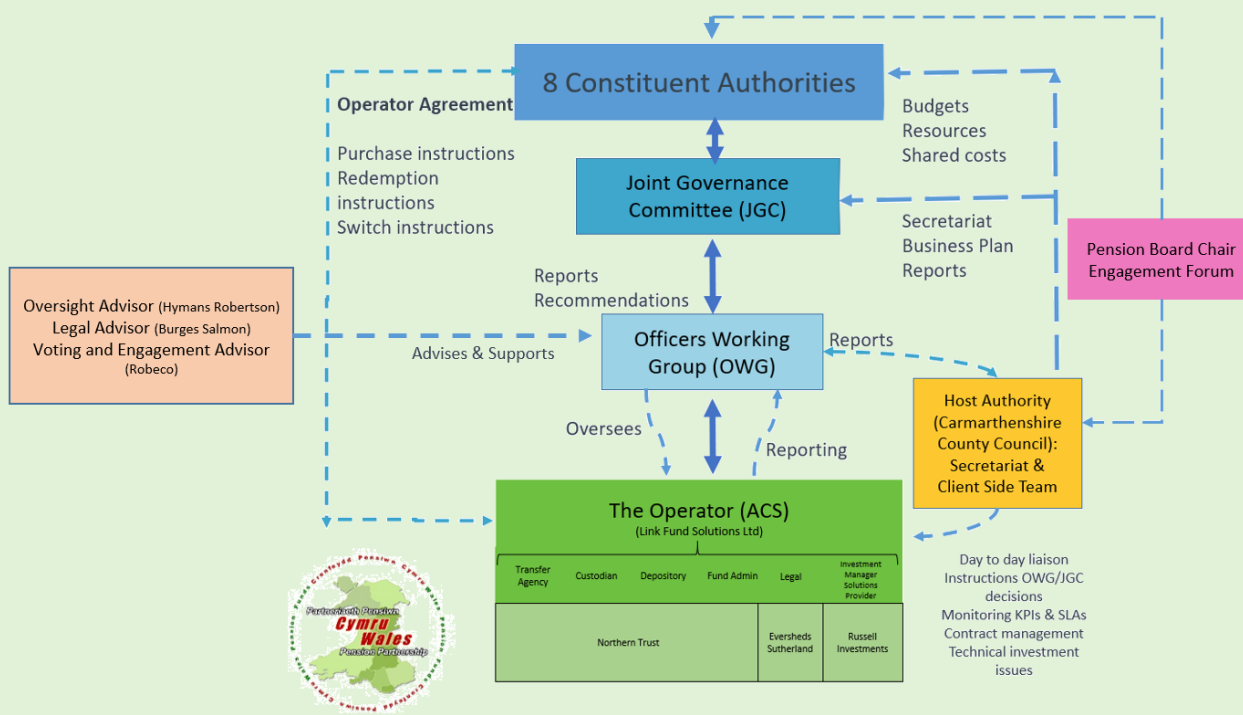
The WPP is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that: public money is safeguarded and properly accounted for; used economically, efficiently and effectively; as well as to secure continuous improvement and delivery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

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, taking into account the relevant legislation. The WPP has also developed a Governance Manual which further articulates the WPP's governance arrangements, including its structure, policies and procedures. This is available on the WPP website.

In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure, which has been designed to:

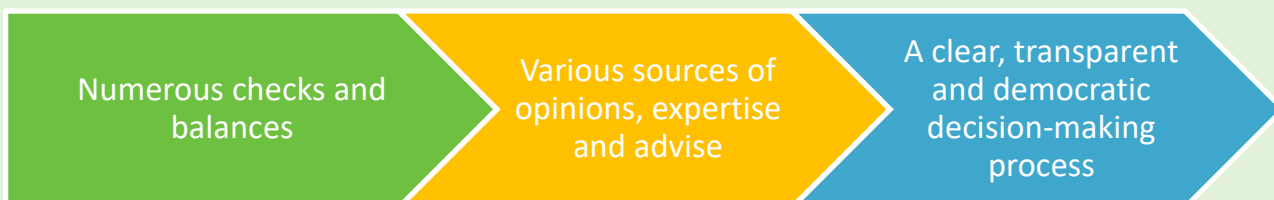


The diagram below provides an illustration of the WPP’s governance structure. The WPP’s Governance Matrix can also be found on our website. It provides a concise overview of the WPP’s governance structure and outlines the internal bodies that are responsible for key decisions and actions carried out by the Partnership.



The Constituent Authorities sit at the top of the WPP’s governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP’s Business Plan, which outlines the WPP’s budget and workplan, as well as its Beliefs and Objectives. The WPP Business Plan can be found on our website. The Constituent Authorities are heavily involved in all aspects of the WPP’s governance structure, while the WPP’s Joint Governance Committee and Officers Working Group are comprised of representatives from the Constituent Authorities.

The WPP has created a number of committees, groups and roles as part of its governance structure, the creation of which has ensured that the WPP has been able to deliver a robust governance structure to its stakeholders. In particular, the WPP’s governance structure seeks to promote;



A brief introduction to the purpose and membership of the WPP’s committees, group and roles can be found below:

Joint Governance Committee

The Wales Pension Partnership Joint Governance Committee (JGC) was formalised in June 2017 and during 2021/22 the JGC has met virtually four times. 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 chair during 2021/22 was Cllr. Clive Lloyd – City and County of Swansea Council (City and County of Swansea Pension Fund) and the vice-chair was Cllr Christopher Weaver – City and County of Cardiff Council (Cardiff & Vale of Glamorgan 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. The JGC plays a critical role in either approving proposals, policies and activities or putting forward recommendations for Constituent Authority consideration

Given the importance of the JGC's role within the WPP's Governance Structure it is vital that there is high levels of engagement and attendance amongst Members of the JGC. The exemplary levels of engagement and attendance from the JGC Members to date is not only a reflection of their commitment to pooling and the long-term success of the WPP but also the willingness and desire of the Constituent Authorities to work together.

To aid the levels of engagement and collaboration the Constituent Authorities of Wales have agreed that JGC meetings will be hosted on a rotational basis across all eight Constituent Authorities. Due to Covid 19, all JGC meetings in 2021/22 have been held virtually. The JGC dates and attendance for 2021/22 are summarised in the table below:

JGC Date:	JGC Members in attendance:
28 July 2021	All 8 members
22 September 2021	All 8 members
1 December 2021	All 8 members
23 March 2022	All 8 members

These meetings are also attended by WPP's external advisors and other service providers, as and when required. The WPP prides itself on being open and transparent and this is evidenced by the fact that JGCs are publicly webcasted, while agendas and minutes are also made publicly available on Carmarthenshire County Council's website.

Officers Working Group

The WPP's Officers Working Group (OWG) was established with the purpose of providing support and advice to the Joint Governance Committee. The group met virtually four times during 2021/22.

The OWG is comprised 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). OWG meetings are generally held in Cardiff but due to Covid 19, all OWG meetings in 2021/22 have been held virtually.

The OWG, in a similar fashion to the JGC, has a stellar track record in terms of engagement and attendance. There is at least one representative from each Constituent Authority in attendance at all OWG meetings and it is common to see both the Section 151 Officer and Practitioner for all eight Constituent Authorities in attendance.

The WPP's providers and external advisors also attend OWG meetings and provide support or advice when required. At present the WPP's Operator, Oversight Advisor and Investment Management Solutions Provider attend all OWG meetings. Other parties such as cost transparency advisors, LAPFF, bfinance and Audit Wales representatives are also invited to attend OWG when required.

In addition to the OWG meetings, the members of the OWG participate in 2-hour virtual meetings on a fortnightly basis. The virtual meetings are used to deal with any matters that arise in between formal OWG meetings, they are also used to progress work between OWG meetings. These fortnightly calls are an invaluable mechanism for progressing work and fostering collaboration between the Constituent Authorities and the WPP's suppliers.

The WPP has also established a number of 'sub-groups', these sub-groups are generally formulated to progress or develop certain elements of the WPP's workplan. All of the sub-groups are made up from a sub-section of the OWG and are responsible for formally reporting back to the entire OWG. Example of WPP sub-groups include;

- The Private Market Sub-Group – which is responsible for formulating and developing the WPP's Private Market Sub-Funds.
- The Risk Register Sub-Group – which is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the OWG and JGC on a quarterly basis.
- The Responsible Investment Sub-Group – which is responsible for overseeing all Responsible Investment matters within the WPP, including policy development and reviews, external reporting, and scrutiny / oversight.

Host Authority

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

The Host Authority's role is critical to the WPP, it is responsible for the day to day management of the Pool and takes ownership of managing and progressing the WPP's activities and endeavours. The size and nature of the Pool means that the Host Authority is responsible for a broad, and ever changing, range of activities and responsibilities, these range from organising and facilitating the WPP's trainings days to formulating and submitting the WPP's 'Pooling Update' submissions to the Department for Levelling Up, Housing and Communities & Local Government.

The Host Authority is the main point of contact for all WPP related questions and is also tasked with maintaining the WPP's communication methods (e.g., Website and LinkedIn). The Host Authority has a large internal team from which it can extract resources and expertise to help it meet its responsibilities. However, the core members of the Host Authority team are Chris Moore, Anthony Parnell and Tracey Williams.

Monitoring Officer

The Monitoring Officer Role (Head of Administration & Law) is currently carried out within the Host Authority (Carmarthenshire County Council). The Monitoring Officer 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 they consider that any proposal will give rise to unlawfulness.

Section 151 Officer

Carmarthenshire County Council's 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.

Link Fund Solutions Ltd (The Operator)

The WPP has 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. The JGC and OWG, with the support of its Oversight Advisor, oversee the work that Link Fund Solutions carry out on behalf of the WPP. The WPP's Operator Engagement Protocols have also been put in place to ensure that there is sufficient levels of direct engagement between the Operator and the individual Constituent Authorities.

Link Fund Solutions carry out a broad range services for the WPP, these include:

- Facilitating Investment Vehicles & Sub-Funds
- Link logoPerformance reporting
- Transition implementation
- Manager monitoring and fee negotiations
- Risk reporting



Russell Investments (Investment Management Solutions Provider)

In collaboration with Link Fund Solutions, Russell Investments provide investment manager solution services to the WPP. Alongside Link Fund Solutions, they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles. Russell's remit includes advising Link Asset Services and WPP on efficiencies around portfolio construction which includes manager selection. Link Fund Solutions continues to work with Russell Investments, where applicable, to further reduce WPP's costs through multi-manager structures, currency managements solutions, portfolio overlays, transition management and other execution services.



Hymans Robertson (The Oversight Advisor)

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.



Burges Salmon (Legal Advisor)

Burges Salmon provide Legal advice, as and when required. Burges Salmon's remit requires them to provide expertise in FCA regulated funds, tax, public sector procurement and local government. In addition, Burges also advise on governance arrangements, building complex procurement specifications, advising on the procurement process and evaluation criteria. They also support WPP in finalising legal agreements and formulating FCA prospectus applications.



Northern Trust (The Custodian)

Northern Trust provides services including securities lending, fund administration, compliance monitoring and reporting for the Wales Pension Partnership.



Robeco UK (Proxy Voting & Engagement Provider)

Robeco UK have been appointed the WPP's Voting and Engagement provider and they 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'). Further, Robeco takes responsibility for implementing the Voting Policy across WPP's £5bn active equity portfolio as well as reporting to WPP and the underlying Funds.



Risks

The Wales Pension Partnership ('WPP') recognises that it faces numerous risks which, if left unmanaged, can limit the WPP's ability to meet its objectives and to act in the best interest of its stakeholders and beneficiaries. However, the WPP also understands that some risks cannot be fully mitigated and that in these instances' risks need to be embraced through active and effective management.

Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy. This strategy will be embedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.

The WPP's risk strategy seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without fair warning. To reflect this belief, the WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders. The Risk Policy outlines how we identify, manage and monitor risks.

In addition, we have developed a risk register to monitor and manage potential risks and a dedicated Risk Sub-Group (made up of Officers from the Constituent Authorities and WPP's Oversight Advisor, Hymans Robertson) has been established to maintain and evaluate the WPP's Risk Register on a quarterly basis.

To deliver on its objectives, the WPP needs to carry out activities or seize opportunities that subject it to risk. The extent to which the WPP is able to effectively balance risk and return will depend on the success of its Risk Policy. It is critical that prior to making decisions the WPP understands the associated risks and considers the means by which these risks could be managed. Effective identification, understanding, management and monitoring of risks will allow the WPP to:



The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives. The WPP Business Plan is an additional means through which the WPP will give special recognition to risks that pose a material threat to the delivery of its objectives and the actions required to manage these risks.

A detailed management strategy and action plan is in place to manage the risks. One of the risks that was considered significant last year, 'WPP suppliers fail to enact the WPP's decisions in a timely and effective manner', is no longer considered as significant due to the mitigating actions that have been carried out, including frequent and extensive monitoring & engagement with suppliers. Another risk considered significant last year, 'The WPP fails to facilitate investment solutions that enable the Constituent Authorities to meet their investment strategy and objectives', is no longer considered a significant risk due to an increase in the target score, which was felt to be a more realistic target, taking into account external factors and the changing needs of Constituent Authorities.

At present, the WPP's most significant risks (risks with a risk score of 10 or more and where the current risk score exceeds the target risk score) are:

- WPP Sub-Funds fail to achieve their target investment returns
- Difference of opinion / or views within the WPP cannot be reconciled.
- The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions
- The WPP fails to identify and take measures to remedy malpractice

During the course of the next twelve months the WPP will prioritise the management of these risks with the aim of reducing the possibility of these risks occurring and the impact that they can have on the WPP. The table below summarise how these risks are currently managed and outlines what actions will be completed during the next 12 months.

Risk:	Current Management Strategy:	Action for the next 12 months:
WPP Sub-Funds fail to achieve their target investment returns	<ul style="list-style-type: none"> • Ongoing monitoring of investment performance, market developments and economic outlook reported by the Investment Manager and the Operator and discussed at OWG meetings • The Operator/ the Investment Manager engagement with Investment Managers and ongoing reviews of their process • Bi-annual sub-fund benchmarking reports discussed at OWG & JGC • An 'ACS responsibilities matrix' which formalises targeted & benchmark returns, along with other aspects of sub-fund management is in place • On-going management of the WPP manager Engagement Schedule, which includes Manager days hosted by the Operator/ the Investment Manager for OWG/Constituent Authorities Pension Fund Committees • Monitoring when and why rebalancing within Russell managed WPP Sub-funds has taken place via notification mechanisms. 	<ul style="list-style-type: none"> • Need to monitor the progress of the risk controls that are currently in place over a 12 month cycle. • Consider any further mitigations that need to be planned or implemented
Difference of opinion / or views within the WPP cannot be reconciled.	<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 • Climate risk policy and Responsible Investment policy in place • Regular scheduled meetings, and ad hoc meetings if required, to facilitate the sharing and reconciliation of views (for example, via monthly Responsible investment sub-group) • Oversight Advisor in place to provide advice on governance structure 	<p>The WPP is aware that Climate Risk and Responsible Investment is an area which continues to be constantly and quickly evolving and that the requirements/ needs of the Constituent Authorities are consequently changing significantly and frequently. The WPP is continually trying to reduce the probability of this risk occurring by increasing its levels of consultation with the Constituent Authorities. The WPP is developing a consultation process to agree key engagement & voting themes across the Constituent Authorities to ensure consensus on key priorities</p>

	<ul style="list-style-type: none"> 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 	
<p>The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions</p>	<ul style="list-style-type: none"> Designated Operator Oversight Advisor in place Intensive engagement protocols with Operator 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 Operator Workplan is in place 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 OWG is continuing to monitor any developments resulting from the FCA's review of the ACD Operator market. The Host Authority, with support from its Operator Oversight Advisor, is continuing to have regular review meetings with the Operator. The main workstream currently being progressed during these review meetings is the formulation of an enhanced Operator Management Information Reporting Pack. Progress is being made but further action is required. The OWG will continue to ask the Operator for regular updates on the progress of the Scheme Implementation Deed Link Group has entered into with Dye & Durham Consider any further mitigations that need to be planned or implemented
<p>The WPP fails to identify and take measures to remedy malpractice</p>	<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 of Interest Policy in place 	<p>The WPP will:</p> <ul style="list-style-type: none"> Develop a WPP whistle blowing policy Carry out ongoing training on identifying malpractice and how to safely raise any potential malpractice concerns Ensure that there is enough resources and expertise available to investigate and deal with any potential cases of malpractice Continue to encourage an environment in which all personnel are encouraged to speak freely and openly

The WPP Risk Policy and Risk Register are both publicly available on the WPP's website.

WPP Policies and Processes

The WPP believes that good governance should lead to superior outcomes for the WPP’s stakeholders. In recognition of this belief, the WPP has devoted resources to developing a robust and extensive governance structure and framework. A key part of WPP’s governance structure is focused on developing policies and procedures, in consultation with the Constituent Authorities. In all instances the WPP’s policies and procedures have been developed to either complement or subsidise the existing procedures and policies of the Constituent Authorities.

The WPP understands the importance of formulating and codifying its policies and procedures. This process allows the WPP, and the Constituent Authorities, to:

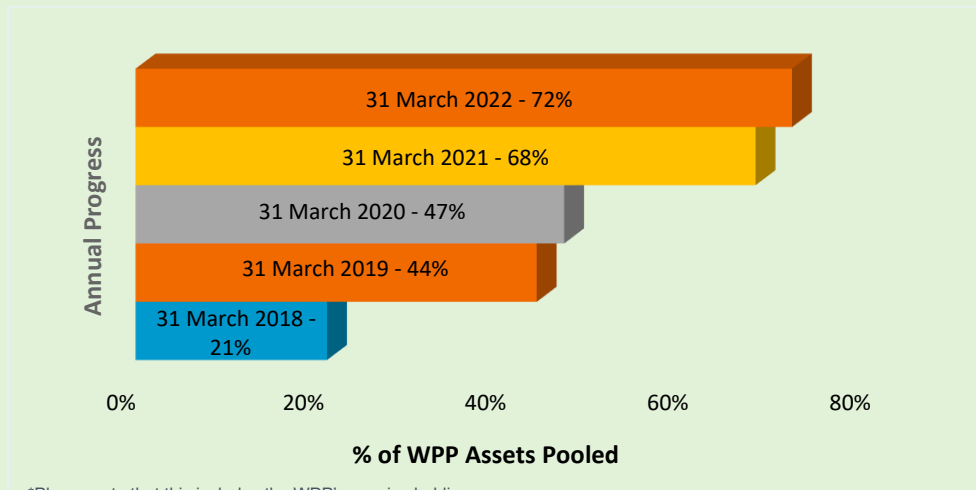


The WPP’s key policies, registers and plans are listed below and can be found on the WPP website. The policies and procedures outlined below are reviewed on a regular basis and the WPP will continually assess whether any additional policies, registers or plans are required. The WPP workplan includes a number of additional governance documents that will be developed during the next three years. These will be made available on the WPP website once completed.

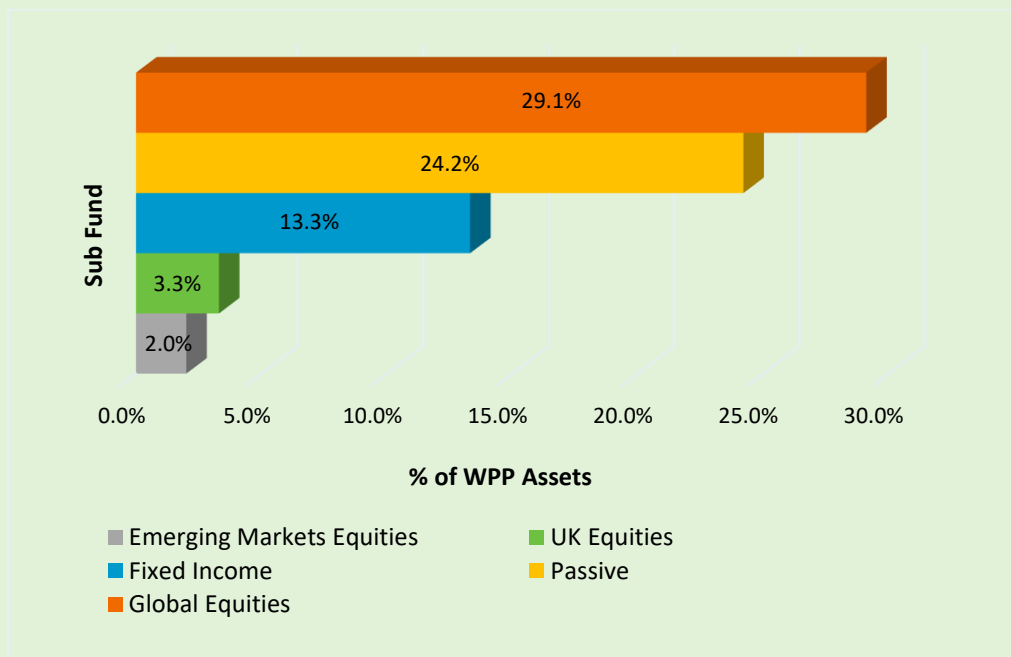


Pooling Progress

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. We have made significant progress towards delivering on this objective. The launching of the WPP's four active equity sub-funds, five Fixed Income sub-funds alongside the Constituent Authorities existing passive investments, has meant that that the WPP has now pooled 72% of assets, as illustrated in the graph below:



*Please note that this includes the WPP's passive holdings



The WPP is proud that despite only being established in 2017 it has already managed to pool over 70% of the Constituent Authorities' assets. It is pleasing to see that all eight of the Constituent Authorities have made use of at least one of the sub-funds. The pooling progress to date has ensured that the WPP has been able to provide significant benefits of scale to the Constituent Authorities via cost savings and improved value for money. See page 28 for more detail.

The WPP will continue to develop sub-funds for the benefit of the Constituent Authorities with the Sustainable Equity, Private Debt and Infrastructure sub funds due to be launched in 2022/23.

WPP Statement of Accounts and Financial Performance

BUDGET

The following table shows the WPP's actual expenditure during 2021/22 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 24 March 2021.

Wales Pension Partnership 2021/22	Budget (£)	Actual (£)	Variance (£)
Gross Expenditure			
Employee costs ¹	84,000	64,360	19,640
Host Authority costs ²	18,600	18,490	110
Host Authority Support Services ³	79,183	79,183	0
Total Host Authority Gross Expenditure ⁴	181,783	162,033	19,750
External Consultants ⁵	680,000	915,478	(235,478)
Total Gross Expenditure	861,783	1,077,511	(215,728)

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 overspend of £216k for the year, which was mainly due to:

- Employee costs – Assistant Accountant not appointed
- External Consultants – Work completed by external consultants was greater than anticipated, this has been reflected in the budget for 2022/23.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

This Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2020/21 (£)	Description	2021/22 (£)
	Expenditure	
59,455	Employee costs	64,360
13,556	Host Authority costs	18,490
556,177	External Advisor costs *	915,478
77,063	Host Authority Support Service costs	79,183
706,251	Total Operating Expenditure	1,077,511
	Income	
(706,251)	Constituent Authority Recharges **	(1,077,511)
(706,251)	Total Operating Income	(1,077,511)
0	Total Comprehensive Income and Expenditure	0

* The budget for External Advisor costs increased in 2021/22

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

BALANCE SHEET

The Balance Sheet shows the assets and liabilities of the WPP as at 31 March 2022.

31st March 2021 (£)	Description	31st March 2022 (£)
	Current Assets	
381,767	Short Term Debtors	501,316
381,767	Total Current Assets	501,316
	Current Liabilities	
(188,185)	Cash and Cash Equivalents	(317,106)
(193,582)	Short Term Creditors	(184,210)
(381,767)	Total Current Liabilities	(501,316)
0	Total Net Assets	0

CASH FLOW STATEMENT

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

2020/21 (£)	Description	2021/22 (£)
	Cashflow from operating activities	
0	Net (surplus) / deficit on the provision of services	0
	Adjustments for:	
(14,278)	(Increase) in trade and other debtors	(119,549)
49,809	Increase in trade and other creditors	(9,372)
35,531	Net Cash from operating activities	(128,921)
	Net (Increase) / Decrease in cash and cash equivalents	
(223,716)	Cash & Cash Equivalents as at 1 April	(188,185)
(188,185)	Cash & Cash equivalents as at 31 March	(317,106)
35,531	Cash and cash equivalents as at 31 March	(128,921)

NOTES TO THE ACCOUNTS

Statement of Accounting Policies

General

The Statement of Accounts summarises the transactions of the Wales Pension Partnership (WPP) for the 2021/22 financial year and its position at the year ended 31 March 2022. 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.

Going Concern

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

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.

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.

Provisions, Contingent Assets and Liabilities

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

Value Added Tax (VAT)

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

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.

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.

Short Term Debtors

2020/21 (£)	Description	2021/22 (£)
380,854	Constituent Authorities	499,432
913	Prepayments	1,885
381,767	Total Short-Term Debtors	501,316

Short Term Creditors

2020/21 (£)	Description	2021/22 (£)
103,500	Trade Creditors	5,448
90,082	Accruals	178,762
193,582	Total Short-Term Creditors	184,210

Audit Costs

In 2021/22 the WPP incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office.

2020/21 (£)	Description	2021/22 (£)
2,590	Audit Fees	5,548
2,590	Total External Audit Fees	5,548

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 be impaired or influenced by another party's ability to transact with the Committee.

During 2021/22 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 2021/22 and the debtor balances outstanding as at 31 March 2022.

2020/21 (£)	Description	2021/22 (£)
88,281	Cardiff & Vale of Glamorgan Pension Fund	134,689
88,281	Clwyd Pension Fund	134,689
88,281	Dyfed Pension Fund	134,689
88,281	Gwynedd Pension Fund	134,689
88,281	Powys Pension Fund	134,689
88,281	Rhondda Cynon Taf (RCT) Pension Fund	134,689
88,281	City and County of Swansea Pension Fund	134,689
88,281	Greater Gwent (Torfaen) Pension Fund	134,689
706,251	Total Related Party Transactions	1,077,511

2020/21 (£)	Description	2021/22 (£)
52,583	Cardiff & Vale of Glamorgan Pension Fund	71,347
52,583	Clwyd Pension Fund	71,347
52,583	Gwynedd Pension Fund	71,347
52,583	Powys Pension Fund	71,347
52,583	Rhondda Cynon Taf (RCT) Pension Fund	71,347
65,356	City and County of Swansea Pension Fund	71,347
52,583	Greater Gwent (Torfaen) Pension Fund	71,347
380,854	Related Party Transactions outstanding at year end	499,432

Carmarthenshire County Council charged the WPP for administration and support services during 2021/22. Invoices have also been received from Gwynedd County Council 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 2022.

Related Party Transactions - Creditors	Value of services provided during 2021/22 £	Balance outstanding as at 31 March 2022 £
Carmarthenshire County Council	147,226	0
Gwynedd County Council	6,089	1,783
Total	153,315	1,783

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

Prior Period Adjustment

No Prior Period adjustments were made during the financial year 2021/22.

Investments and Performance

The WPP's Constituent Authorities have total assets of circa £23.1bn (as at 31 March 2022), £11bn of which are invested in WPP's existing sub-funds, outlined in the table below.

Sub Fund	Asset Value *	Managed by	Performance Benchmark	Participating Funds **	Underlying Investment Managers
Global Growth	£3.303 bn	Link Fund Solutions	MSCI ACWI ND	RCT 47% Dyfed 30% Gwynedd 13% Cardiff 6% Powys 4%	Baillie Gifford, Veritas and Pzena
Global Opportunities	£3.388 bn	Russell Investments	MSCI ACWI ND	Swansea 39% Torfaen 16% Cardiff 16% Gwynedd 13% RCT 12% Clwyd 4%	Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, NWQ, Nissay and Oaktree
UK Opportunities	£0.730 bn	Russell Investments	FTSE All Share	Cardiff 68% Torfaen 32%	Majedie, Lazard, Baillie Gifford, Ninety-One, J O Hambro and Liontrust
Emerging Markets	£0.465 bn	Russell Investments	MSCI Emerging Markets	Clwyd 47% Cardiff 25% Torfaen 15% Gwynedd 13%	Artisan, Bin Yuan, Barrow Hanley, Axiom, Numeric and Oaktree
Global Credit	£0.758 bn	Russell Investments	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)	Torfaen 35% Dyfed 33% Powys 28% Cardiff 4%	Western, Metlife, Fidelity and T Rowe Price
Global Government	£0.507 bn	Russell Investments	FTSE World Government Bond Index (GBP Hedged)	Torfaen 52% Cardiff 48%	Bluebay and Colchester
Multi-Asset Credit	£0.723 bn	Russell Investments	ICE BofA SONIA + 4% p.a.	Clwyd 34% Gwynedd 27% Cardiff 21% Powys 9% Swansea 9%	ICG, Man GLG, BlueBay, Barings and Voya
UK Credit Fund	£0.574 bn	Link Fund Solutions	ICE BofA ML Eur-Stg plus 0.65%	RCT 100%	Fidelity
Absolute Return Bond Fund	£0.510 bn	Russell Investments	ICE BofA SONIA + 2% p.a.	Gwynedd 69% Powys 18% Swansea 13%	Wellington, Putnam, Aegon and Insight

* Asset Under Management (AUM) value as at 31 March 2022

** % holdings as at 31 March 2022

In addition to the sub-funds outlined above the WPP's Constituent Authorities also hold passive investments with BlackRock Asset Management. The Constituent Authorities' passive investments are effectively within the Pool but are held by the respective WPP Authorities in the form of insurance policies. The passive investments are as follows:

Constituent Authority	Asset Value as at 31/3/22	% of each Constituent Authorities' assets
Cardiff & Vale of Glamorgan	£0.616 bn	23%
Clwyd	£0.134 bn	6%
Dyfed	£1.251 bn	39%
Gwynedd	£0.786 bn	28%
Powys	£0.246 bn	31%
RCT	£0.757 bn	17%
Swansea	£0.867 bn	30%
Greater Gwent (Torfaen)	£0.941 bn	25%
Total	£5.598 bn	

During 2022/23, the WPP will be launching the Private Debt and Infrastructure sub-funds, as well as a Sustainable Active Equity sub-fund.

Investment Performance

	WPP 12-month performance to the 31 March 2022 (Net of Fees)			
	Inception Date	Fund %	Benchmark %	Relative %
Equity sub-funds				
Global Growth	6 February 2019	2.61	12.42	(9.81)
Global Opportunities	14 February 2019	10.84	12.42	(1.58)
UK Opportunities	11 October 2019	1.10	13.03	(11.93)
Emerging Markets *	29 October 2021	(5.94)	(5.36)	(0.58)
Fixed Income sub-funds				
UK Credit	19 August 2020	(3.42)	(4.45)	1.03
Global Government Bond	19 August 2020	(3.70)	(4.17)	0.47
Global Credit	20 August 2020	(4.29)	(5.10)	0.81
Multi-Asset Credit Fund	11 August 2020	(2.28)	4.14^	
Absolute Return Bond	30 September 2020	0.42	2.14^	

* Please note that the performance is since inception.

^ These represent the performance targets of the Multi-Asset Credit and Absolute Return Bond Funds

The table above represents sub funds over the past 12 months which is considered too short a period over which to evaluate investment performance. Longer term investment performance is the priority and this is monitored and evaluated to ensure the ongoing suitability of all sub funds.

The Equity sub-funds underperformed in a volatile market environment. Despite a fragmented start, the continued rollout of Covid-19 vaccines enabled the broader opening of the global economy. This helped corporate earnings to pick up and commodity prices to strengthen on the back of improving demand. Combined with ongoing fiscal support and higher economic activity, inflation data rose swiftly, which worried investors and forced major central banks to turn less accommodative. The first quarter of 2022 marked one of the worst quarters for financial markets since the start of the Covid-19 pandemic. Market volatility was driven in large part by Russia's invasion of Ukraine and escalating inflation. Small capitalisation stocks – an area of the market preferred by the Equity sub-funds – were significantly out of favour for the period, particularly within the UK. Within the UK Opportunities sub-fund, underweights to the largest market capitalisation companies as well as to the strong-performing energy and health care sectors, were key headwinds. On a global basis, defensive styles, low volatility, quality and large caps significantly outperformed. This benefitted some of the underlying manager strategies but was negative for wider sub-fund positioning. Emerging Markets suffered from wider investor uncertainty. In the period since inception, the sub-fund benefitted from an underweight to and effective selection within China. However, underweights to oil exporting countries detracted in a period where the oil price rallied.

The WPP Global Government and Global Credit Fixed Income sub-funds outperformed their benchmarks, although the Multi-Asset Credit and Absolute Return sub-funds lagged their interest rate performance targets in what was a broadly negative period for fixed income markets. Government bonds sold off, with yields increasing significantly towards the latter-end of the period as inflation rose to decade-highs, leading to the Bank of England and the US Federal Reserve to raise interest rates. Segments of the US Treasury yield curve also inverted in late March 2022, with investors concerned of the trajectory for future economic growth. The positioning of the government bond sub-funds suited this environment, with underweight exposure to US and UK duration beneficial to relative performance. Within credit markets, global investment-grade (IG) and high yield (HY) credit also sold off, with spreads widening over the 12-month period. However, continued accommodative monetary policy, robust earnings growth and fiscal stimulus programmes supported credit markets early in the period. The more credit-orientated WPP Fixed Income sub-funds benefitted from exposure to HY corporate credit during this time. Russia's invasion of Ukraine weighed heavily on European credit, which suited an underweight to European IG credit. US HY outperformed other areas of the market which also suited sub-fund positioning. Exposure to select securitised bonds, particularly within the US, was a further relative contributor.

The Officers Working Group receives quarterly, six monthly and annual performance reports. The Group reviews and challenges the performance of Investment Managers on behalf of the WPP. The WPP hosts regular manager engagement days, which are used to challenge managers and to facilitate engagement with Constituent Authority Pension Committee and Board Members and the WPP's Investment Managers. The Constituent Authorities also carry out their own analysis of WPP's investment performance at a local level, this will include manager attendance at Pension Committees. Furthermore, the Investment Managers of the Sub-Funds hold quarterly investors calls where members of the OWG are able to challenge the Investment Manager and the underlying Managers.

The OWG is always looking at ways to develop investment performance monitoring mechanisms with a key focus on ESG and Climate Risk metrics. Hymans Robertson produce quarterly Climate Risk and ESG reports for the equity and fixed income sub funds which draw on third party climate and ESG data. This allows the RI Working Group to scrutinise present portfolio positioning, benchmark portfolios against index comparators and determine the actions that need to be taken. These reports are presented to the OWG and JGC on a quarterly basis.

Pooling Costs and Fee Savings

There are various costs associated with pooling; there are transition costs which are one-off costs that occur at the point when the funds are transitioned into the sub-funds and there are also annual running costs. The transition costs for the sub funds which have been pooled as at 31 March 2022 are shown in the table below:

Sub-Funds	Explicit * £000's	Implicit ** £000's	Total Transition Costs £000's	Year charge occurred
Global Equities	2,197	15,009	17,206	2018/19
UK Equities	1,080	3,580	4,660	2019/20
Fixed Income	817	7,566	8,383	2020/21

* Explicit costs include transition manager fees, trading commissions and taxes.

** Implicit costs include opportunity costs and market impact.

There were no transition costs in 2021/22. Establishing the Emerging Markets sub fund did not incur transition costs as the mandate was cash funded.

The total annual running costs for 2021/22 equates to £5,336k which includes the host authority and external provider costs.

Through pooling and economies of scale, lower Investment Management fees have resulted in cost savings for Constituent Authorities. The table below illustrates the annual cost savings for WPP's Global Equity Sub-Funds, UK Opportunities Equity Sub-Fund, Emerging Markets Sub-Fund and the Fixed Income Sub-Funds:

	Asset Value as at 31/3/22 £000's	Gross Annual Savings * £000's	Savings as a % of Asset Value
Global Equities	6,691,435	7,253	0.11%
UK Equities	730,278	341	0.05%
Emerging Markets **	464,615	656	0.14%
Fixed Income	3,071,942	0	0.00%
Total	10,958,270	8,250	0.08%

* Please note that Gross figures do not include the transition and running costs

** Part year – the fund was launched in October 2021, see table on page 26

The data above shows that although there are high initial costs for transitioning individual fund's assets into the pool, the annual savings far outweighs the annual running costs, £2,914k (£8,250k less £5,336k) in 2021/22 (excluding transition costs).

Passive Investments, as detailed on page 26 also provides a total fee saving of c£2m per annum.

Responsible Investment

Responsible Investment (RI) – alongside consideration and evidential management of Environmental, Social and Governance (ESG) issues – has been a key priority for the WPP since we were established in 2017. Various activities have been carried out over the year to embed RI practices in all that we do, which we believe will result in better outcomes for the Pool's stakeholders. Through Hymans Robertson, for 2022/23, we have increased our resourcing in this area by having a dedicated RI specialist who will work closely with the WPP on all RI related matters and represent the WPP at external events.

We are delighted to confirm that the Pool was successful in its first annual submission to be a UK Stewardship Code signatory (for the reporting year to 31 March 2021), with work continuing to maintain our signatory status. The 2021/22 report is due to be submitted by the end of October 2022. Given the huge progress we made in 2020/21, this year has really been one of consolidation, especially on how our pooling arrangement can better meet the needs of our beneficiaries.

Following the establishment of the WPP RI Sub-Group in 2020, in order to support the development and implementation of the WPP's overall RI activity and policies, further work was taken to confirm the Sub-Group's structure and forward plan. For granularity and focus, the decision was taken to split the meetings of the Sub-Group between: (1) oversight and scrutiny, including discussions around voting metrics and data; (2) policy development and reporting, including discussions around common climate goals and reporting on stewardship activity.

Over the reporting period, the RI Sub-Group carried out various activities and discussions, including:

- Formulating an Annual WPP RI Workplan that allows the WPP to progress its RI objectives, including training needs
- Working with WPP's appointed investment managers, voting & engagement (V&E) provider, advisers and other service providers to ensure that WPP's RI, Voting and Climate Risk policies are effectively implemented
- Reviewing our RI, Voting and Climate Risk policies – with input from our service providers – to ensure they continue to meet the Pool's needs
- Monitoring RI activity, including ESG metrics and V&E reporting, and challenging where necessary
- Considering market and regulatory developments to ensure that WPP can take evolving best practice into account
- Discussions on climate goals, including decarbonisation objectives and the suitability of climate metrics
- Discussions on relevant ESG themes, including: human rights, the Occupied Palestinian Territories, factory farming, nuclear energy and stock-lending
- Representing the WPP on RI matters, including acting as a spokesperson in external forums and in discussion with non-profits, such as our annual discussion with Friends of the Earth Cymru

Reporting, that allows the WPP to monitor and manage RI and climate risk, continued with the development of an appropriate schedule to facilitate greater predictability around reporting. Climate risk generally continued to be a particular focus for WPP, with work initiated on reporting in line with TCFD, ahead of expected regulatory changes, including initial discussions on appropriate climate metrics.

The decarbonisation overlay, which was launched in the previous year to reduce the levels of carbon risk within certain existing active equity Sub-Funds, was further extended to the UK Opportunities Equity Sub-Fund. In addition to this overlay and in order to provide a more RI-focused equity offering, discussions began (and were progressed over the year) in terms of establishing a Sustainable Active Equity Sub-Fund. We look forward to providing further detail on this in next year's report, but can confirm that discussions include goals on net zero, TCFD-aligned reporting and the consideration of appropriate exclusions.

Robeco continued to provide the WPP's Voting & Engagement (V&E) function, implementing voting across WPP's active equity portfolio, while also carrying out engagement activity across all the Pool's active Sub-Funds and the BlackRock passive funds. In order to better meet the reporting needs of each underlying Pension Fund within the Pool, Robeco introduced Sub-Fund-specific quarterly voting reports at the start of 2022. On this point, we have been working to align our reporting to meet the needs of the Pool's stakeholders and to avoid unnecessary overlap, including how reporting can better incorporate the WPP's voting priorities. Work is also ongoing on how to better monitor and challenge the V&E activity of Robeco to ensure this is in keeping with the recommendations of the Local Authority Pension Fund Forum (LAPFF). We will provide a further update on these latter points in next year's report.

Communications & Engagement

The WPP has a communication policy in place which sets out how the WPP will carry out its internal and external communication strategies. WPP recognises that failure to communicate effectively poses a material risk to the WPP and the best interests of the WPP's stakeholders, the consequences of which may include miscommunication, poor decision making and delayed timescales.

Over the last two years with COVID-19 restrictions in place, WPP engagement has progressed virtually. All Constituent Authorities, suppliers and other stakeholders have embraced this new way of engagement, and this has enabled important work and priorities to progress.

The WPP believes in being open and transparent as well as regularly engaging with its key stakeholders. As such the WPP ensures that the meetings of the Joint Governance Committee are accessible to the public via a live webcast stream. Meeting papers are also made publicly available. Local Pension Board engagement days are also being held regularly as a means of fostering stakeholder engagement. During the year, we continued to deliver against our engagement protocols which ensures the continued engagement and collaboration amongst the WPP's Constituent Authorities and providers, this is carried out via the following engagement mechanisms:

Engagement mechanisms	Frequency
Strategic Relationship Review meeting	Bi-Annual
JGC Engagement	Quarterly
Manager Performance Meetings/ Calls	Quarterly
Training Events	Quarterly
OWG Engagement	Quarterly
Bi-Weekly Meetings	Every 2 Weeks
Pension Fund Committees	Annual
Manager Engagement Days	Annual
Member Communications	Annual
Pension Board Engagement	Every 6 Months
Engagement via the website & LinkedIn	Continuous
Constituent Authority Annual Requirements & Ambitions Questionnaire	Annual

The WPP website is regularly updated and remains an excellent tool to: learn and understand more about the pool; keep track of our recent activities; and discover our policies, procedures and governance arrangements. The website can be found here: <https://www.walespensionpartnership.org/>

WPP also has a LinkedIn page which is regularly updated:
<https://www.linkedin.com/company/wales-pension-partnership-wpp/>

The WPP will continue to develop its communication and engagement methods.

Training

The WPP has a training policy which sets out the WPP's approach to training and requirements. The policy outlines the strategy that WPP has put in place to ensure that its personnel and decision makers have the required knowledge base to fulfil their roles and make decisions that will deliver the best possible outcomes for the WPP's stakeholders. WPP's training policy and annual training plans are designed to supplement existing Constituent Authority training, it is not intended to replace or override the need for and importance of local level training. Local level training needs will continue to be addressed by the Constituent Authorities while the WPP will offer training that is relevant to the WPP's pooling activities.

During 2021/22, the WPP continued to hold its training sessions virtually with six training events being held over the year. They were open to Constituent Authority Pension Committee and Pension Board members, as well as Officers and JGC members, with excellent attendance at all sessions. The topics covered during 2021/22 were:

- Private Market Asset Classes & Implementation
- Private Markets Fund Wrappers & Governance
- RI Indices and Solutions
- RI Reporting
- Performance Reporting & Manager Benchmarking
- Roles & Responsibilities within the ACS
- RI – Stewardship
- Robeco – Active Ownership
- Progress of other LGPS Pools
- Collaboration Opportunities
- Good Governance
- The role of the Depository & Custodian
- Cost Transparency

In December 2021 a training requirements questionnaire/ assessment was issued to all JGC members and Officers. The topics outlined below are based on current WPP topical priorities and from an analysis of the WPP training requirements questionnaire/ assessment responses. Potential member changes following the council elections in May 2022 was also a factor in setting this year's training topics.

During 2022/23 the WPP will facilitate training on the following topics:

- Product Knowledge
 - Private Market Asset Classes & the role of the Allocator, and
 - Active Sustainable Equities
- Pool Knowledge
 - Governance & Administration
 - Roles & Responsibilities
- Responsible Investment
 - What RI means for the WPP
 - Stewardship Code and TCFD Reporting
- Market Understanding
 - Progress of other LGPS pools
 - Collaboration Opportunities

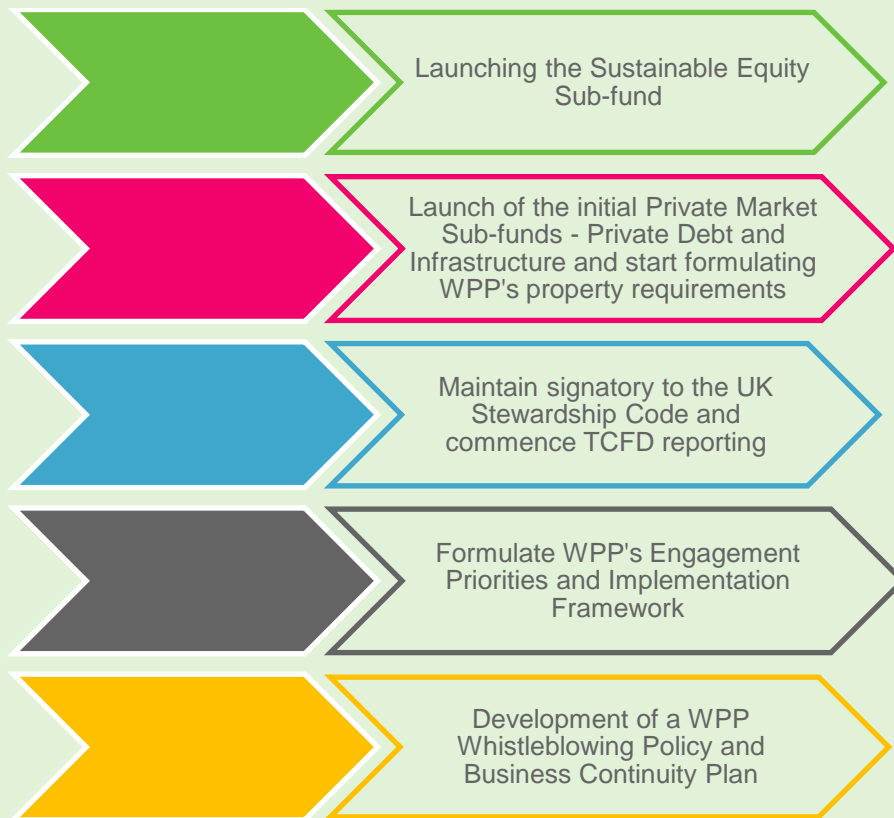
The Training Policy and full WPP Training Plan for 2022/23 can be found on the WPP website.

Conclusion

As you can see the WPP has had another very productive year. With the ongoing challenges of Covid19, remote working continued, and hybrid working is now our new normal and teamwork is even more important at every level.

We would like to thank all of the WPP's Personnel, the Constituent Authorities, advisors and providers who have made this possible. The Officers Working Group and Joint Governance Committee also deserve a special mention for their work and support throughout the year. While it is important to recognise the achievements of the last 12 months our focus has already shifted to the 12 months ahead. The work due to be carried out over the next 12 months, will see the WPP continue to develop further as a Pool so that it can continue to meet and facilitate the interests and needs of the Constituent Authorities. A workplan of the areas that WPP will focus on during 2022/23 has been developed and forms part of our 2022-2025 business plan which is available on our website.

Particular highlights over the next year will include:



We hope you enjoyed this year's Annual Report, and we look forward to being able to provide you with a further update next year. Further information on the WPP and ongoing updates on the WPP's progress can be found on the website and LinkedIn page.

Contact Details

If you require further information about anything in or related to this business plan,

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Further information on the WPP and ongoing updates on the WPP's progress can be found on the website and LinkedIn page.

The website and LinkedIn page can be found here:

<https://www.walespensionpartnership.org/>

<https://www.linkedin.com/company/wales-pension-partnership-wpp/>

