Cyngor Sir y Fflint
Flintshire County Council

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 27 November 2024
Report Subject	Investment, Funding and Pooling Update
Report Author	Graduate Investment Officer

EXECUTIVE SUMMARY

The Investment and Pooling Update is presented at each quarterly Committee meeting. This update covers the following matters for the Committee's attention:

- Progress on items in the 2024/25 Business Plan.
- Updates from the Wales Pensions Partnership (WPP).
- Developments in Responsible Investment.
- Private Markets Update.
- Other relevant matters including the annual review of the Fund's AVC arrangements and an update on an enquiry in relation to investments with Pemberton Asset Management.
- Delegated Responsibilities: Actions taken by officers since the last Committee meeting.
- Risk Register: Two changes have occurred since the last Committee meeting.

The Head of Clwyd Pension Fund and Graduate Investment Officer continue to assist the Host Authority (Carmarthenshire County Council) and the WPP Oversight Adviser (Hymans Robertson) in their respective roles. They also represent the Clwyd Pension Fund's interests on the on the Officer Working Group (OWG) and various WPP sub-groups.

RECOMMENDATIONS	
1	The Committee is asked to consider and note the update and provide any comments and ask any questions.
2	Note the update including confirmation that there are no plans for Clwyd Pension Fund to directly invest with Pemberton Asset Management.
3	The Clwyd Pension Fund will engage with WPP on the justification of allocating to Pemberton, seeking further clarification and explanation from Pemberton Asset Management on the matter in line with the WPP Responsible Investment Policy.

REPORT DETAILS

1.00	INVESTMENT AND POOLING RELATED MATTERS
1.01	**Business Plan Update** Appendix 1 provides a summary of progress concerning the Investment and Funding section of the Business Plans for 2024/25. Key tasks to note are as follows: • F1 (Interim Investment Strategy Review and Implementation) – Completed. Agreed changes have been implemented. • F2 (Interim Funding Review) – On target. The initial engagement with employers to assess affordability, budgeting outlook, and interim funding review have been undertaken. Results and discussions with employers will be completed in Q3 2024. Further information is provided in paragraph 1.09 below • F3 (Taskforce on Nature-Related Financial Disclosures) – On target. TNFD training for the Committee and Board is planned to take place on 19 February 2025 after the Committee meeting.
1.02	**Wales Pension Partnership (WPP)** *Joint Governance Committee (JGC)* The last WPP JGC meeting was held on 18 September 2024. The draft minutes of that meeting are attached as Appendix 2. Further details, including the full public agenda for the most recent JGC meeting, are available here. The JGC discussed or approved the following: • The OWG reviewed Training & Resources and Communications Risks, with no significant changes. An updated WPP Risk Register was approved by the JGC and uploaded to the WPP website; the next review will focus on Investment Section Risks. • Waystone provided a quarterly update to June 2024 on WPP's sub-funds and corporate engagement. • Russell Investments reported progress on the Private Credit program launched in April 2023. • An update on WPP's liquid assets' investment performance to June 2024. Clwyd Pension Fund's 1-year investment performance to June 2024 is detailed in the table below.

Mandate	Inception	Current Net Asset Value	Perform-ance	Bench mark
Sustainable Active Equity	Jun 23	c. £375m	14.5%	20.1%
Multi Asset Credit	Aug 20	c. £339m	9.2%	9.6%

1.03	**Responsible Investment Update** Clwyd Pension Fund *FRC UK Stewardship Code 2020*

	The Fund submitted its Stewardship Code 2020 application ahead of the October deadline, reaffirming its commitment to responsible and sustainable investment practices. As a signatory since 2023, the Fund continues to prioritise transparency, robust governance, long-term value creation, and ethical business standards. The outcome of this year's submission will be communicated following the assessment process in February 2025. *Task Force on Climate-Related Financial Disclosures (TCFD)* With support from Mercer, the Fund has finalised its 2024 TCFD report, further enhancing to incorporate a high level summary of TNFD analysis which focusses on two core metrics. The report aims to help stakeholders understand the Fund's exposure to climate impacts while reinforcing its commitment to informed decision-making and long-term sustainability. Additional updates, including a draft stakeholder summary, are provided in agenda item 6. *The Good Economy Placed-based Impact Investing (PBII) Report* The Fund has engaged The Good Economy (TGE) to continue its reporting on PBII for the year 2024, focusing on investments within the Local/Impact allocation of its private markets' portfolio. The report analyses contributions to local economies and communities, including support for UK and Welsh businesses, housing, social care, job creation, and clean energy. It highlights regional impacts, alignment between place and outcomes, and features a case study on Clwyd's Separate Managed Account investment with Capital Dynamics in clean energy. With a £217m commitment to place based assets, the Fund's outcomes are detailed in full in Appendix 3.
1.04	<u>WPP</u> *Responsible Investment Working Group (RIWG)* The Fund's key priorities within its RI policy include enhancing reporting on RI matters. The RIWG has convened three times since the Fund's last Committee update in September 2024. The next meeting is scheduled for 20 February 2025. Discussions in the recent meetings have focused on: • Advanced discussions around a WPP Passive Equity solution. • Stewardship Code Report; and Stewardship themes feedback. • WPP TCFD Report. • Climate & ESG risk reports for various sub-funds. • Sustainable Fixed Income evolution. The RI report for Q3 2024 summarises WPP's sub-fund stock exposures, including voting and engagement, securities lending, climate, and ESG metrics and is included in Appendix 4. The report has been provided to each Constituent Authority and includes the two sub-funds in which Clwyd Pension Fund is invested. Due to the significant resources required and the reliance on data availability to produce these reports, the OWG agreed that they would be produced on a biannual basis going forward, to ensure the information is reported accurately.

	The private quarterly WPP Engagement Report and Securities Lending Report will continue to be directly shared with committee members. *WPP Voting & Engagement Provider and Oversight Advisor Procurements* The WPP commenced a tender process in October 2024 to appoint a Voting & Engagement Provider and an Oversight Advisor. Bidders submitted their proposals by the October deadline, ahead of evaluation days on the 7th and 8th of November, which formed Stage 1 of the procurement process for the respective roles. Following the evaluation, the successful bidders from Stage 1 were invited to present to the WPP officers on the 20th and 21st November for final scoring. The outcomes of these separate tender processes, identifying the successful bidders, will be submitted to the JGC for approval on 10 December 2024. *Securities Lending* Securities Lending involves the owner of shares or bonds transferring their ownership temporarily to a borrower. In return, the borrower transfers other shares, bonds, or cash to the lender as collateral, and pays a borrowing fee. Stock lending can, therefore, generate income and incrementally increase fund returns for investors. Northern Trust are responsible for managing any Securities Lending within the WPP sub-funds on behalf of the WPP. Quarterly Securities Lending reports are presented at each WPP Joint Governance Committee (JGC). The results below were presented to the JGC in September 2024. The total amount of WPP net revenue for Securities Lending during the quarter to June 2024 was £205,488. The Clwyd Pension Fund is only invested in one fund which generate revenue, of which our aggregated share can be found in the table below.

WPP Sub-fund	WPP Net Revenue	CPF Net Revenue
Multi Asset Credit (40%)	£12,888	£5,155

1.05	**Private Markets Update** All future commitments to Infrastructure, Private Debt, and Private Equity investments will be made through WPP by the appointed Allocators. The Fund's strategic allocation to these asset classes is 19%. Mercer will continue to assist Fund officers in identifying Local and Impact investments, which has a strategic allocation of 8%, until WPP can accommodate the Fund's ambitions in this area. The Fund continues to explore opportunities for investment in the local Clwyd area.
1.06	<u>Clwyd Pension Fund</u> Upon Mercer's recommendation, the Fund has committed additional capital to an existing Infrastructure and Local/Impact investments. These were agreed as part of the 2023/2024 interim investment strategy review and communicated to the Committee at the last meeting in September 2024.

Asset Class	Fund	Commitment

Infrastructure	JPMorgan, UK Infrastructure I	$38m (£30m)
Local/Impact	Capital Dynamics, Clean Energy Infrastructure (Clwyd SMA)	£30m

1.07 WPP

The following commitments have been agreed for the first Private Markets vintages with the WPP Allocators from April 2023:

Allocator	Asset Class	Committed	Deployed*
Russell Investments	Private Credit	£50m	c. £12.7m
GCM Grosvenor	Infrastructure	£64m	c. £24.1m
Schroders – Vintage 1	Private Equity	£60m	c. £16.5m
Schroders – Vintage 2	Private Equity	£20m	c. £2.4m

**Figures as at 30 September 2024.*

The WPP Allocators are tasked with appointing private market managers. All three Allocators continue to deploy capital on behalf of WPP within their respective asset classes.

1.08 **Other Matters**

Additional Voluntary Contributions Review (AVCs)

The purpose of this report is to provide an update to Committee Members on the Fund's AVC arrangements following the annual review carried out by Mercer in 2024 and to provide more information on the type of AVC arrangements that the Fund has in place. Further detail is included in Appendix 5.

The main findings of this annual review are:

- Out of the Fund's 14 unit linked AVC holdings held with Prudential, 12 outperformed / performed in line with their respective benchmarks over the 1-year period to the 30 June 2024, and eight outperformed / performed in line with their benchmarks over the 3- and 5-year periods, noting that one Fund did not have performance over the 5 year period due to the date it was incepted.
- The Fund also has a With-Profits holding with Prudential which does not have a benchmark but produced positive returns over each of the last five 1-year periods to 1 July 2024.
- All 3 of the Fund's unit linked AVC holdings held with Utmost, outperformed their respective benchmarks over the 1-, 3- and 5-year periods to the 1 July 2024, noting that one Fund did not have performance over the 5-year period due to the date it was incepted.
- Service performance across both Prudential's Unit Linked and With Profits AVC business has continued to gradually improve since the pandemic, with call response times standards being maintained and Prudential increasing the level of online data provision and the roll out of an online self-service website progressing.

The AVC arrangements will continue to be reviewed annually (in terms of performance of funds), as per the original recommendations by Mercer. The next annual review is scheduled for November 2025.

1.09	*2024 Funding Review* The Fund Actuary has now completed the 2024 funding review, which assessed the updated funding position for the Fund and major employers as at 31 August 2024. This funding review does not impact on the employer contributions currently being paid, and is purely for monitoring purposes and to assist employers with medium term financial planning. The financial assumptions identified in the funding review (see below) had been partly allowed for in the separate monthly monitoring report. Consideration will be given to whether the results of the interim review should be incorporated into the monitoring reports going forwards at the next Funding and Risk Management Group meeting. At the moment they have not been included in the report at 30 September, also referred to in the separate Funding and Investment Performance report. The impact is covered below. The main considerations and outcomes were as follows: i. Actuarial Assumptions at 31 August 2024 Since 31 March 2022, expectations for long-term average CPI inflation have reduced by c0.6% p.a. from 3.1% p.a. to 2.5% p.a. over the duration of the liabilities. This takes into account the current short term inflation rate which has fallen significantly since 2022 (the annual CPI rate at September 2024 was 1.7% and will determine the 2025 pension increase, which compares to the September 2022 CPI of 10.1%). Also, the expected future returns above inflation have increased – this has been predominately driven by the change in interest rates and the impact on the returns of each asset class taking account of the Flightpath strategy. This has already been reflected in the ongoing monthly monitoring reports provided. As part of the review, consideration was given as to whether some further adjustment would be incorporated into the discount rates for past and future service taking into account the overall objective of contribution sustainability for employers. The Actuary proposed that the expected return over CPI inflation of broadly 2.65% p.a. (CPI + 2.65% p.a.) is appropriate at 31 August 2024 in relation to past service discount rate which is equivalent to a discount rate of 5.15% p.a. Consideration was also given as to whether the smoothed future service discount rate (CPI +2.0% p.a. which is equivalent to a discount rate of 4.5% p.a.) should be increased or maintained to balance contribution affordability versus sustainability. The Actuary also considered the latest life expectancy trends from the Continuous Mortality Investigation actuarial group. Allowing for the latest trends reduces past service liabilities by c1.7% and reduce the future service rate by c0.3% of pay. A full analysis of the Fund's own experience is being undertaken as part of the 2025 actuarial valuation which will determine the final assumptions to be adopted, and the results will be considered next year. Membership data at 31 March 2024 At a total Fund level, there has been a shift in the membership profile that has affected the interim review outcomes. Whilst overall numbers have remained broadly consistent (c17,700) according to the data, there has been c5,000 new entrants and c5,000 leavers which has impacted on the

	profile and therefore a projected reduction in the average future service rate by c0.5% of pay. iii. Funding review outcome at 31 August 2024 Taking into account the factors in (i) and (ii) above, resulted in an average funding level of 107% and an average future service rate of 18.0% of pay. This compared to a funding level of 105% and average future service rate of 18.8% of pay at the 2022 valuation. Overall, this could mean a reduction in contributions could be justified if a similar outcome emerges at the 2025 valuation with any contribution change being effective from 1 April 2026. The funding level impact of the membership changes and pay growth was to reduce the funding level whereas the impact of the life expectancy increased the funding level. In isolation, the net overall impact of these profile and demographic changes is a reduction the funding level of c2% versus the expected funding level. The overall potential impact on the future service rate is a reduction of 0.8% of pay. The Committee will be updated further in future committee meetings in 2025 as part of the Funding Strategy Statement development which will include proposed assumptions along with other required policies e.g. a surplus management policy. Fund officers and the Actuary met with the Councils' Steering Group on 14 November to discuss the results of the interim review including the outcomes for the individual Councils and to discuss the overall level of contribution affordability to assist in medium-term financial planning. Also, the Actuary provided a high-level interim update to all employers on 26th November.
1.10	*Oscar Mayer (Pemberton Asset Management)* The Fund has received the below from Unite in relation to Oscar Mayer: *"Oscar Mayer is a food production business that makes ready meals sold in supermarkets across Britain. 550 Unite members working in its Wrexham factory are taking strike action against a fire and rehire scheme imposed by management.* *Unite members at Oscar Mayer make lasagnes, cottage pies and other ready meals sold in major supermarkets across Britain. The work is hard and low paid. Unite members work 12 hours shifts in temperatures as low as five degrees. They make minimum wage or just above - wages have gone down by 16.4% in real terms over the last five years.* *Oscar Mayer management have already sacked around 30 Unite members to force through savage cuts to terms and conditions. Management is forcing through new contracts that reduce workers' time off the production line to just two short 20-minute breaks a day. Under the new contacts, workers won't be paid for this time. Overtime and other benefits for working on bank holidays is also being taken away. All told, the changes will cost workers up to £3,000 a year each.* *This dispute is easily resolvable, but rather than negotiating Oscar Mayer has brought in agency workers to undermine the strike. Unite's demands are simple: an immediate return to previous terms and conditions;*

reinstatement for sacked workers; no more targeting of union members; and recognition for Unite now as mandated by the Central Arbitration Committee. Pemberton owns 85% of Oscar Mayer. Given its controlling ownership position, it is entirely within Pemberton's ability to intervene with Oscar Mayer management to resolve this dispute. We have reached out to senior decision-makers including Pemberton Managing Partner Symon Drake-Brockman and Oscar Mayer CEO Ian Toal but so far they have failed to respond to Unite's requests to engage in meaningful negotiations.

Unite understands that Clwyd Pension Fund has committed £50m to the WPP Private Debt Fund, 12% (up to £6m) of which will be managed by Pemberton. It cannot be right that the returns Pemberton promises to pension funds that invest the retirement savings of local government workers in Wrexham come at the price of reducing the pay of other modestly paid workers in their community.

We know that Pemberton regularly raises money from pension funds in the UK and abroad. I am writing to ask you to:

- *pledge that the Clwyd Pension Fund will not allocate any further capital to Pemberton funds until the dispute is resolved and Oscar Mayer scraps its Fire and Rehire scheme;*
- *write to the Wales Pension Partnership to communicate the fund's position."*

<u>Clarification of Clwyd Pension Fund exposure</u>

We can confirm that the Fund has committed £50m to the WPP Private Credit Fund, of which approximately £5.6m is committed to Pemberton Asset Management. This equates to around 0.2% of total Fund assets.

Having clarified the position with WPP and Russell, there is no investment in the WPP Private Credit Fund relating to Oscar Mayer, nor any other investment by the Fund or WPP in Oscar Mayer.

Neither the Fund nor WPP have any other investment relationship with Pemberton Asset Management, other than through the WPP Private Credit Fund.

The Fund's officers, with advice from Mercer, as Investment Consultant, can confirm there are no plans to consider making new commitments directly to Pemberton Asset Management.

<u>Proposed next steps</u>

The Fund's Responsible Investment policy states: "The Fund has a duty to exercise its stewardship responsibilities (voting and engagement) effectively by using its influence as a long-term investor to encourage corporate responsibility." Given this policy and the above information on Pemberton Asset Management, it would appear reasonable to follow-up on this issue. We propose requesting further clarification and explanation from Pemberton, via WPP and Russell, on the situation with Oscar Mayer. In the meantime, until more information is available, officers and advisers

	can continue to monitor whether Pemberton Asset Management is being considered as part of any future commitments. <u>Recommendation</u> The Committee are being asked to: • note the information above, including confirmation that there are no plans for Clwyd Pension Fund to directly invest with Pemberton Asset Management and • agree that the Fund will engage with WPP on the justification of allocating to Pemberton, seeking further clarification and explanation from Pemberton Asset Management on the matter in line with the WPP Responsible Investment Policy.
1.11	**Delegated Responsibilities** The Pension Fund Committee has delegated certain responsibilities to officers or individuals. Appendix 6 outlines the use of these delegated powers. In summary: • Cash-flow forecasting continues to be monitored through the Risk Management Framework (RMF). • Short-term tactical decisions continue to be made by the Tactical Asset Allocation Group (TAAG). • Private Market commitments are made in line with the Fund's Investment Strategy, the Wales Pension Partnership, and Mercer's recommendations for Local and Impact opportunities. Further details can be found in section 1.06 of this report.

2.00	**RESOURCE IMPLICATIONS**
2.01	None.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	None.

4.00	**RISK MANAGEMENT**
4.01	Appendix 7 provides the Dashboard and Risk Register which highlights current risks relating to investments and funding matters. Some of the risks shown are long-term in nature, and in some cases subject to events outside of the Fund's control e.g. market movements etc. As a result, whilst the risks are monitored on a regular basis and corrective action undertaken where the current position is identified as being off-target, for some risks, the time required to get back on-target will be longer.
4.02	Since the September Committee meeting, as part the regular monitoring of the risk register that takes place through the Advisory Panel, decisions have been taken to update some of the scores/weightings associated within the sub-risk framework established recently. The only changes made that impacts the overall risk status is in relation to Risk no. 3 & Risk no.6. Given the current geopolitical situation following the US Elections in early November and uncertainties around how matters on the world stage

	will develop in the coming months (e.g. the continuing conflicts in the Middle East / Ukraine), the likelihood of a “Black Swan” event occurring which impacts on investment markets and the Funds ability to meet its targets has been increased. This is one of the sub-risks underling Risk no. 3 and the overall impact of this change has seen Risk no.3 move off target relative to its prior position. See further comment below. For Rick no.6 the rating for this risk has been moved to red following MHCLG publishing a consultation on Thursday 14 November on Local Government Pension Scheme (England and Wales): Fit for the Future. The consultation is wide ranging in scope and has potentially far-reaching ramifications given the potential requirements to pool all assets by March 2026, take advice from the pool and the requirement for WPP to be an FCA regulated entity. The likelihood and potential impact from this risk has been increased.
4.03	Three risks (where the current status isn't green) are currently behind target: Risk no. 3: Investment targets are not achieved therefore potentially materially reducing solvency / increasing contributions. • This risk is ongoing in nature given that investment markets are continually evolving. The Fund takes a long-term approach to investing but looks to manage the potential negative impact from short-term volatility by investing in a diversified asset portfolio, an equity protection strategy and a liability risk management approach. There is a robust monitoring process in place, and Officers work closely with advisors to monitor asset and liability risks on a regular basis, including monthly investment days. More frequent monitoring of issues (e.g. daily or weekly) is used, as deemed appropriate. Risk no. 4: Value of liabilities increasing due to market yields/inflation moving out of line from actuarial assumptions. • The risk of the value of the liabilities increasing due to market yields/inflation moving out of line from actuarial assumptions is a complex challenge that requires careful monitoring and strategic adjustments. The projected timeline for addressing this risk and minimising its impact is set for 2025. Efforts are underway to closely analyse and manage the market dynamics, actuarial assumptions, and employer contributions to ensure the surplus maintained. Risk no. 6: Investment and/or funding objectives and/or strategies are no longer fit for purpose. • The risk that LGPS legislation changes (i.e. asset pooling) could increase funding and investment costs which may increase employer costs. Additionally, transitioning assets could negatively impact the Fund's asset value leading to a drop in the value of the surplus. The Fund takes an active approach by considering potential changes at Advisory Panel and Committee meeting, monitoring development over time working with different service providers to keep up to date, and calling emergency meetings where necessary. The projected timeline for addressing this risk and minimising its impact is set for 2025, however the risk is likely to be ongoing in nature as the government reforms the LGPS landscape in relation to asset pooling. The risk will be considered in conjunction with the next investment strategy review and interim

	funding review. The Fund will continue to participate in any central government consultations, as it has done in the latest call for evidence by the Ministry of Housing, Communities and Local Government. Fund officers, Investment Consultants, and the Fund Actuary (Mercer), along with Governance Advisors (Aon), continue to monitor these risks regularly.
4.04	The increase to Risk 6 means that this is now the risk that is furthest from target. Given the length and depth of the consultation the complete risk register will reviewed again once the consultation has been considered in more detail. As part of this review all risks will be considered and we expect that some others will increase in score.
4.05	Fund Officers, its Investment Consultants and Fund Actuary (Mercer), and Governance Advisors (Aon) continue to monitor these risks regularly.

5.00	APPENDICES
5.01	Appendix 1 – 2024/25 Business Plan and Business Plan Dashboard Appendix 2 – WPP JGC Draft Minutes 18 September 2024 Appendix 3 – Clwyd Pension Fund PBII Report 2024 Appendix 4 – WPP Responsible Investment Report Appendix 5 – AVC Review 2024 Appendix 6 – Delegated Responsibilities Appendix 7 – Risk Dashboard and Register (Investments and Funding)

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	1.02 The full Joint Governance Committee agenda: https://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=234&MId=7636&Ver=4 **Contact Officer:** Ieuan Hughes, Graduate Investment Officer, Clwyd Pension Fund **E-mail**: Ieuan.Hughes@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	(a) **Actuarial Valuation** – A formal assessment of the Fund's financial health, determining employer contribution rates to cover benefits and address any funding shortfalls, as detailed in the Funding Strategy Statement. (b) **Actuary** – A financial risk specialist advising pension funds, primarily responsible for setting employer contribution rates through the actuarial valuation process. (c) **Administering Authority / Scheme Manager** – The authority managing the Fund, responsible for its oversight and stewardship. For Clwyd Pension Fund, this role is held by Flintshire County Council.

	(d) **AP – Advisory Panel** – a group comprising of the Flintshire County Council Chief Executive and Corporate Finance Manager, the Head of the Clwyd Pension Fund, Fund Consultant, Actuary and Independent Advisor for Fund management. (e) **Department for Levelling Up, Housing & Communities (DLUHC)** – The UK Government department supporting community development and local governance. (f) **FRC – Financial Reporting Council** – The UK and Ireland's regulator for auditors, accountants, and actuaries, responsible for corporate governance standards. (g) **FSS – Funding Strategy Statement** – The key document outlining the strategy for managing employer contributions to the Fund. (h) **FRMG – Funding & Risk Management Group** – A subgroup of Fund officers and advisers set up to discuss and implement any changes to the Risk Management Framework as delegated by the Committee. It is made up of the Head of the Clwyd Pension Fund, Pension Finance Manager, Fund Actuary, Strategic Risk Adviser, and Investment Advisor. (i) **IIGCC – Institutional Investors Group on Climate Change** – The IIGCC is a European membership body that provides a platform for investors to collaborate on addressing climate change. It offers guidance an resources to help investors align their portfolios with net-zero emissions targets, manage climate-related risks, and support the transition to a low-carbon economy. (j) **In-House Investments** – Commitments to Private Equity / Debt, Property, Infrastructure, Timber, Agriculture, and other Opportunistic Investments. The due diligence, selection and monitoring of these investments is undertaken by the PERAG. (k) **ISS – Investment Strategy Statement** – the main document that outlines our strategy in relation to the investment of assets in the Clwyd Pension Fund. (l) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of. (m)**PBII – Placed-Based Impacting Investing** – An investment approach focused on generating positive social, economic, and environmental outcomes in specific geographic areas. PBII targets local needs opportunities, such as supporting businesses, housing, job creation, and sustainable initiatives, while delivering measurable impact alongside financial returns. (n) **SFDR – Sustainable Finance Disclosure Regulation** – is a set of rules aimed at promoting sustainability in the financial sector by requiring financial market participants to disclose how they integrate environmental, social, and governance (ESG) factors into their investment-decision processes and how they manage sustainability risks.

	(o) **TAAG – Tactical Asset Allocation Group** – a group consisting of The Clwyd Pension Fund Manager, Pensions Finance Manager and consultants from Mercer, the Fund Consultant. (p) **TCFD – Taskforce on Climate-related Financial Disclosures** – An international body that develops voluntary, consistent disclosure recommendations for companies, investors, and financial institutions to report climate-related financial risks and opportunities. Its framework aims to improve transparency and help stakeholders make informed decisions related to climate impacts on business. (q) **The Committee – Clwyd Pension Fund Committee** – the Flintshire County Council committee responsible for most decisions relating to the management of the Clwyd Pension Fund (r) **The Fund – Clwyd Pension Fund** – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region. (s) **TGE – The Good Economy** – A specialist advisory firm focused on advancing inclusive and sustainable economic growth. TGE provides impact measurement, management, and reporting services, helping organisations align their investments with social and environmental objectives and demonstrates measurable outcomes. (t) **TNFD – Taskforce on Nature-related Financial Disclosures** – A global initiative that develops a framework for organisations to report and act on evolving nature-related risks and opportunities, aiming to support a shift in financial flows towards nature-positive outcomes. It focuses on helping businesses and investors assess their impact and dependencies on nature. (u) **WPP – Wales Pensions Partnership** – 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. WPP has appointed an Operator to manage assets collectively for the eight Wales LGPS funds. A proportion of the Clwyd Pension Fund assets are invested via WPP. A full glossary of Investments terms can be accessed via the following link. **https://www.schroders.com/en/global/individual/investment-glossary/**