



Wales Pension Partnership Annual Report 2022/2023



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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 Chair of our 2022/23 Joint Governance Committee (“JGC”), 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 regulations which required the 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 Regulations, 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 regulations 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 of Wales’s Constituent Authorities. Since 2017, the WPP has enabled the Constituent Authorities to pool around 70% 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 would 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 33, if you have any questions or feedback.

Yours Sincerely,

Chris Moore

Section 151 Officer,

Carmarthenshire County Council



JGC Chair's Statement

Welcome to the 2022/23 WPP Annual Report, which provides you with a review of the work that the WPP has undertaken over the past twelve months and the plan for the year ahead.

Hybrid working and hybrid meetings are now the norm, this has proven to be very successful with excellent attendance at various meetings, including JGC meetings and regular training events. These training events are an effective way of providing decision makers with the required knowledge base to fulfil their roles and make decisions that will deliver the best possible outcomes for WPP's stakeholders.

With the initial private market allocators appointed in 2021/22, these asset classes have developed during 2022/23 with the launch of WPP's Infrastructure and Private Credit investment programmes. In December 2022, Schroders Capital was confirmed as the allocator for WPP's Private Equity programme, and this is due to launch by the end of 2023. This is great progress and demonstrates the exceptional working relationship between the eight Constituent Authorities. 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.

Also, on the Investment side, we are excited to announce the launch of our Sustainable Active Equity Fund which is due to launch in June 2023. This new sub fund is a diversified multi-manager solution tailored to WPP's requirements, enhancing the choices available to the individual Constituent Authorities and aligning with their evolving sustainability objectives. I would like to thank Link Fund Solutions and Russell Investments for their assistance in developing this sub fund.

Responsible Investment, including climate risk continues to be a key priority for the Welsh Constituent Authorities. It is pleasing to see the progress the WPP has made this year and the ongoing discussions, both internally and externally, in relation to climate goals and Environmental, Social and Governance (ESG) issues. The WPP has started work on an all-Wales climate report and we look forward to seeing the results of this in 2023/24, this will put the WPP in a positive position for the upcoming Task Force on Climate-related Financial Disclosures (TCFD) requirements. During 2023/24 the WPP is also looking at evolving its policies further, including plans to establish an appropriate escalation policy within its Stewardship Policy.

The WPP became a signatory to the UK Stewardship Code in 2022. In October 2022, the WPP submitted its second annual stewardship report, for the reporting year to 31 March 2022 and I am delighted to say we have remained a signatory. This is a fantastic achievement and recognises all the work that the WPP has done and continues to do in this area. Work on the 2022/23 report is already underway, with submissions due by the end of October 2023. The 2022 stewardship report is published on WPP's website.

We are proud of the progress that has been made again this year and look forward to further progress in 2023/24.

Finally, I would like to take this opportunity to say what an honour it has been to be Chair of the JGC over the past 12 months. Cllr. Ted Palmer will be taking over the role for 2023/24 and I would like to wish him all the best and thank him for the support he has provided me as Vice-Chair.

We hope you enjoy our Annual Report.

Yours Sincerely,

Councillor Chris Weaver

Chair of the Wales Pension Partnership Joint Governance Committee 2022/23



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 who has 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:

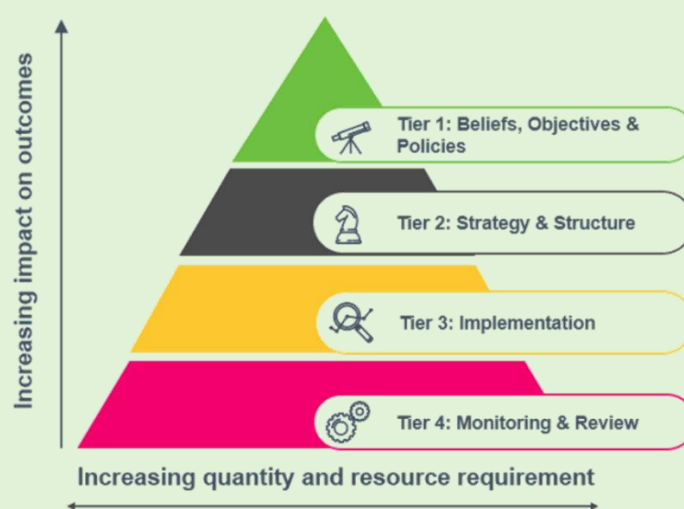


The eight Constituent Authorities have a shared vision and agreement on the means and pace at which this vision will be achieved. The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

- 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 is also 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 helps 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 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.
- To embed the delivery of long-term, sustainable investment outcomes into decision making, through capital allocation, the ongoing scrutiny of asset managers, and the exercise of the rights and responsibilities that arise as asset owners.

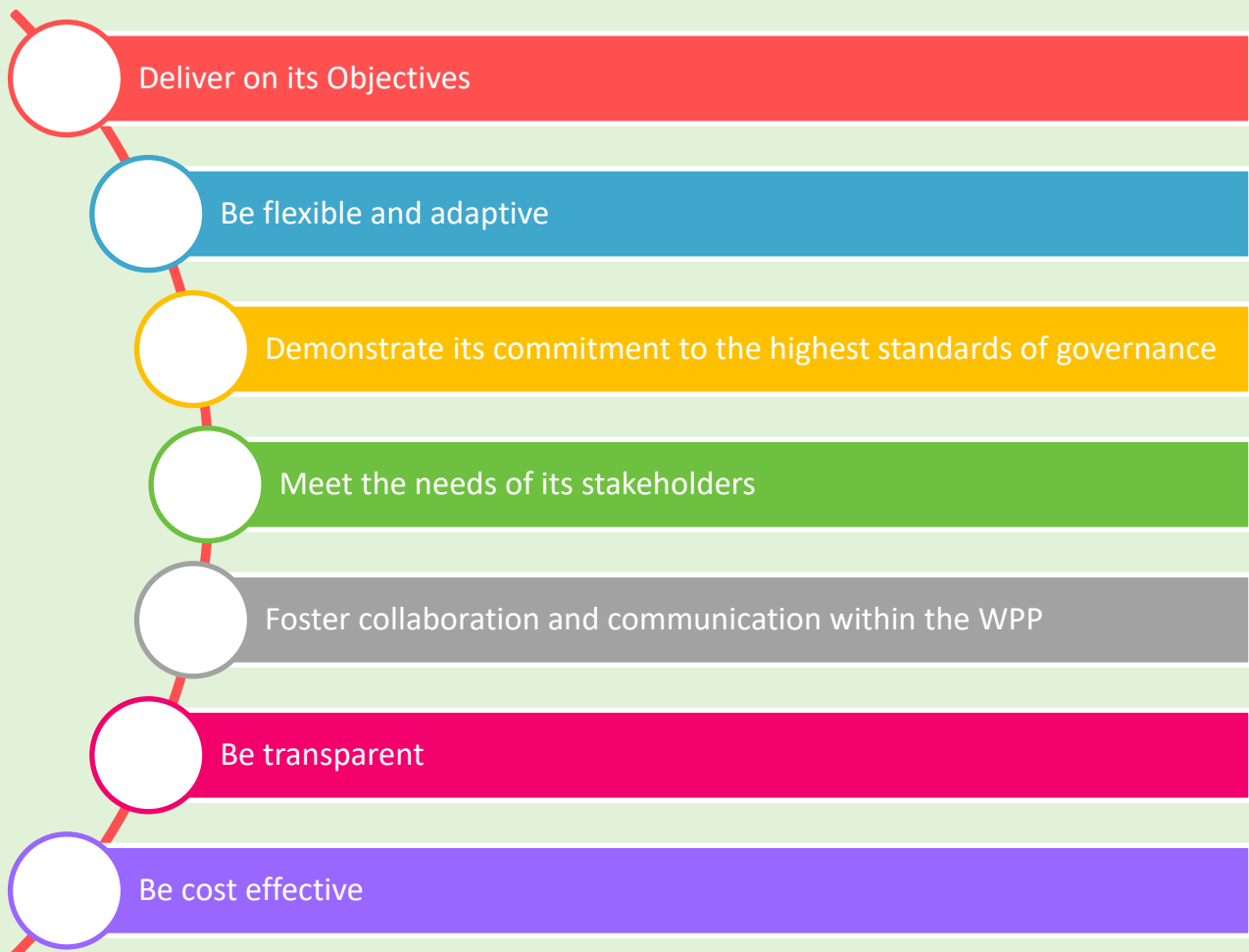
The eight Constituent Authorities recognise that their strength derives from their shared beliefs and their ability to work together to deliver on their unified objectives for the benefit of all WPP stakeholders.

Pool Management

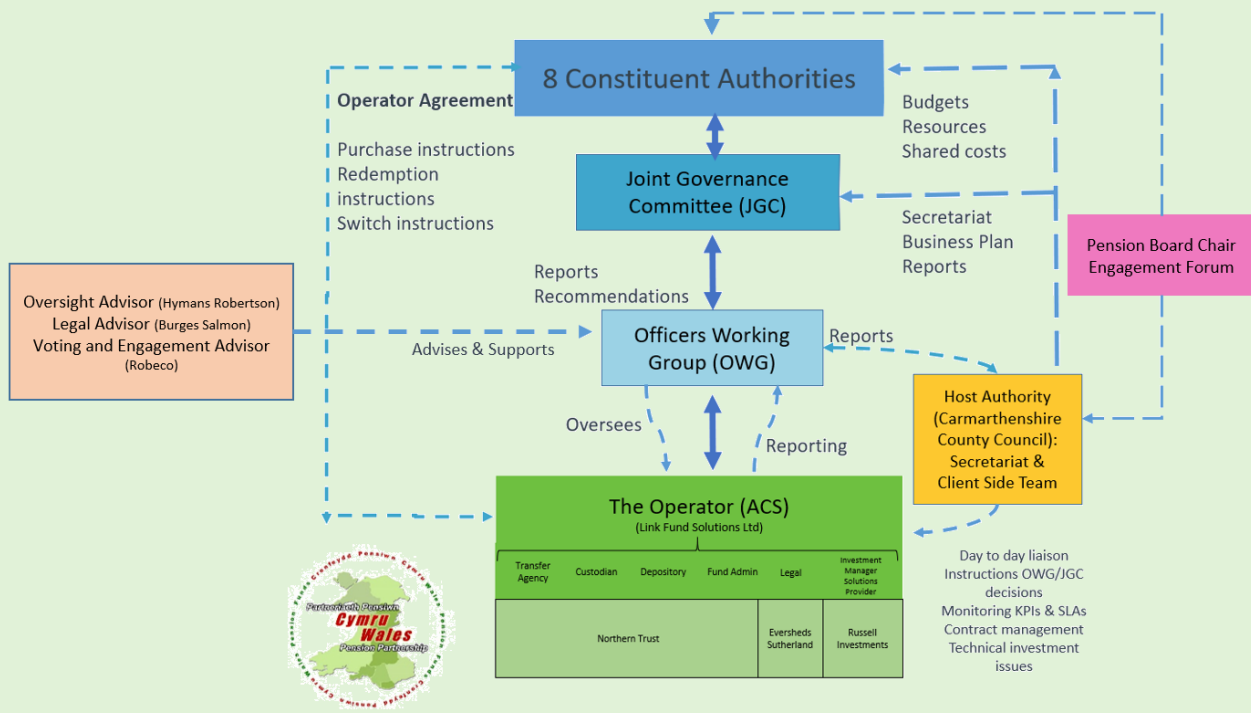
The WPP is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that: public money is safeguarded and properly accounted for; used economically, efficiently and effectively; as well as to secure continuous improvement and delivery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

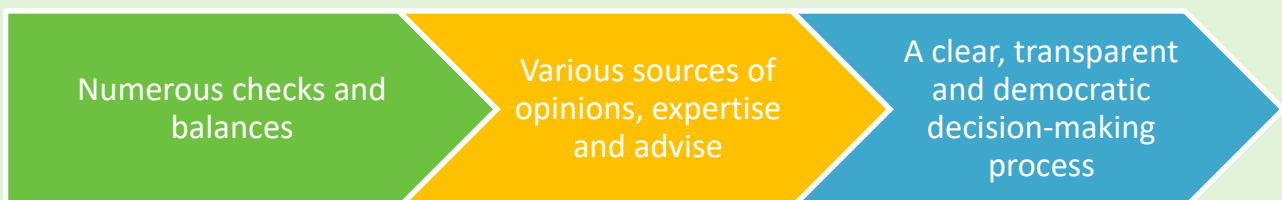


The diagram below provides an illustration of the WPP’s governance structure. The WPP’s Governance Matrix can also be found on our website. It provides a concise overview of the WPP’s governance structure and outlines the internal bodies that are responsible for key decisions and actions carried out 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 2022/23 the JGC has met three 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 Pension Committee.

The Chair and Vice-chair are rotated on an annual basis. The chair during 2022/23 was Cllr. Christopher Weaver - City of Cardiff Council (Cardiff & Vale of Glamorgan Pension Fund) and the vice-chair was Cllr. Ted Palmer – Flintshire County Council (Clwyd 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 a high level 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 Welsh Constituent Authorities have agreed that JGC meetings will be hosted on a rotational basis across all eight Constituent Authorities. During 2022/23 three JGC meetings were held with the September 2022 meeting being cancelled due to the death of Her Majesty Queen Elizabeth II. Since Covid 19, JGC meetings are now being held as a combination of virtual and hybrid meetings. The JGC dates, venues and attendance for 2022/23 are summarised in the table below:

JGC Date:	Venue	JGC Members in attendance:
8 July 2022	Virtual via Zoom	All 8 members
5 December 2022	Virtual via Zoom	All 8 members
29 March 2023	Hybrid, hosted by Gwynedd	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 four times during 2022/23.

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 a blend of virtual and in person meetings which are held in Cardiff with three virtual meetings and one in person meeting being held during 2022/23.

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 from 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, members of the OWG participate in 2-hour virtual meetings on a fortnightly basis. These 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 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 effectiveness and efficiency of 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 include 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 (DLUHC).

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 substantial internal team from which it can utilise resources and expertise to help it meet its responsibilities. 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 reports to the Joint Governance Committee if he/she considers 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) has 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 carries 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
- Performance reporting
- Transition implementation
- Manager monitoring and fee negotiations
- Risk reporting
- Class Actions monitoring



Russell Investments (Investment Management Solutions Provider)

In collaboration with Link Fund Solutions, Russell Investments provides 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 Fund Solutions 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 has been appointed as 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 provides 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 advises 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 has been appointed as the WPP's Voting and Engagement provider and assists the WPP in formulating and maintaining Voting Policy and Engagement Principles that are in keeping with the Welsh Constituent Authorities' membership of the Local Authority Pension Fund Forum ('LAPFF'). Furthermore, Robeco takes responsibility for implementing the Voting Policy across WPP.



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 the 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 risks. One of the risks that was considered significant last year, 'The WPP fails to identify and take measures to remedy malpractice', is no longer considered as significant due to the mitigating actions that have been carried out, which includes having a WPP Whistleblowing Policy in place.

At present, 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 (Risk I.1)
- Difference of opinion / or views within the WPP cannot be reconciled (Risk G.9)
- The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions (Risk G.12)

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 summarises 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 failure to achieve their long term targeted 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 • Quarterly reporting on climate & ESG risks • An 'ACS responsibilities matrix' which formalises targeted & benchmark returns, along with other aspects of sub-fund management is in place • Manager days hosted by the Operator/ the Investment Manager for OWG/Constituent Authorities Pension Fund Committees 	<ul style="list-style-type: none"> • Continue to monitor the progress of the risk controls that are currently in place • 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 • Regular scheduled meetings, and ad hoc meetings if required, to facilitate the sharing and reconciliation of views (for example, via Responsible investment sub-group meetings) • Oversight Advisor in place to provide advice on governance structure • 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 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, however it is expected that there will be further scenarios that may test this risk so the risk score will stay as 15 until these can be 'tested' against the current controls.</p>
The WPP's Operator fails to deliver on its	<ul style="list-style-type: none"> • Designated Operator Oversight Advisor in place • Intensive engagement protocols with Operator 	<ul style="list-style-type: none"> • The OWG receives regular updates on the progress the Link Group sale of Link Fund Solutions and the FCA penalty/restitution payment in relation to Woodford.

<p>contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions</p>	<ul style="list-style-type: none"> • 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 • The process for Operator procurement has commenced 	<ul style="list-style-type: none"> • The Host Authority, with support from its Operator Oversight Advisor, is continuing to have regular review meetings with the Operator. • An enhanced Operator Management Information Reporting Pack is now in place with further developments ongoing. • The Operator procurement process is progressing well. • Consider any further mitigations that need to be planned or implemented
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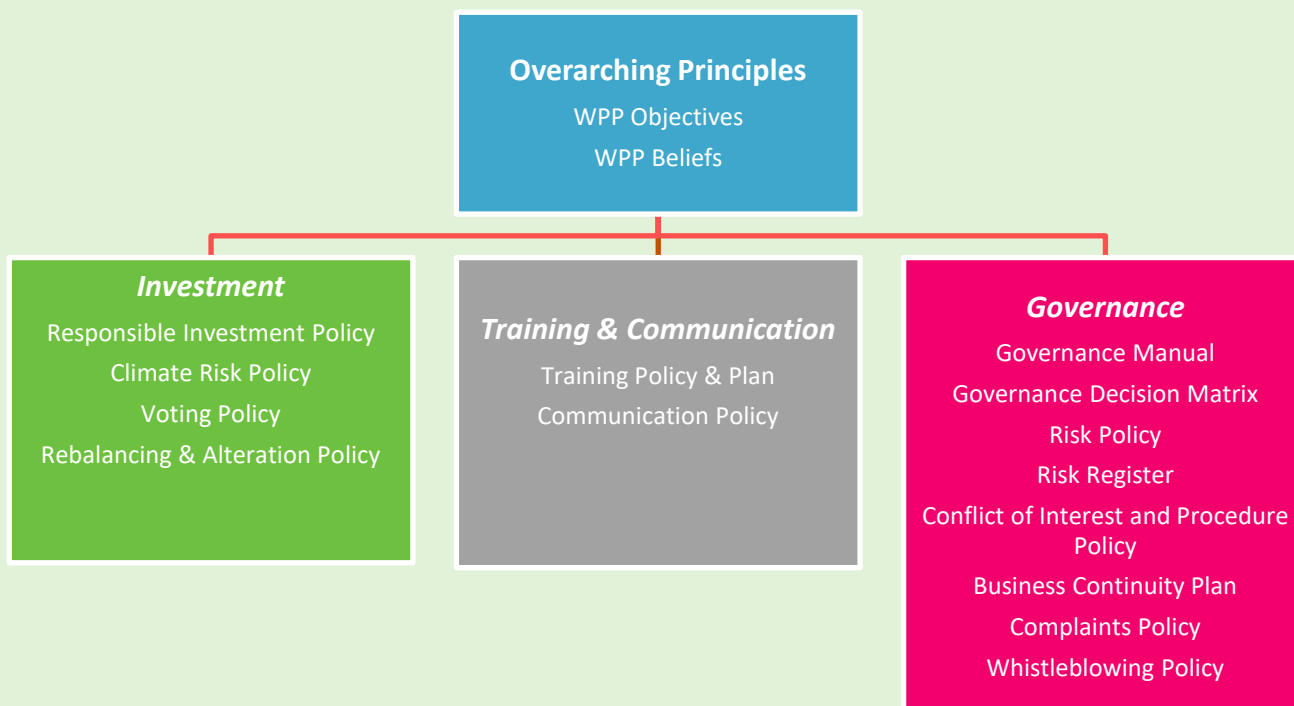
The WPP Risk Policy and Risk Register are both publicly available on the WPP's website.

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:



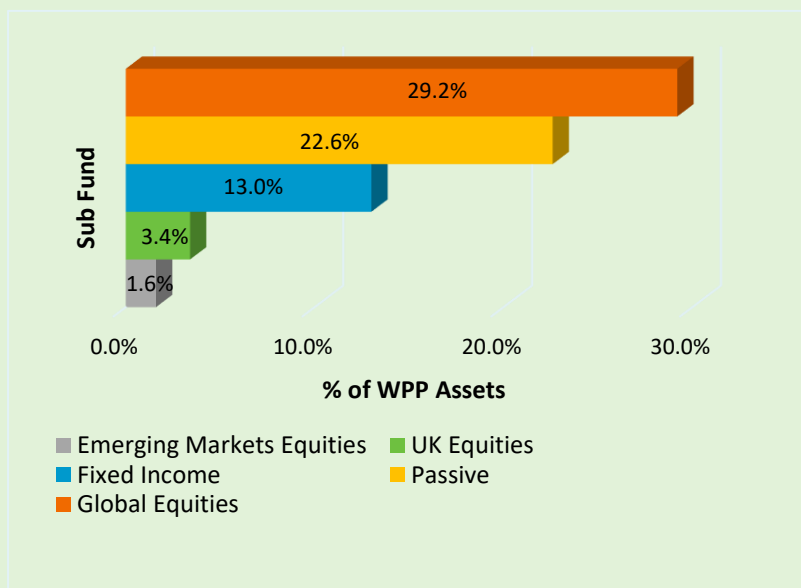
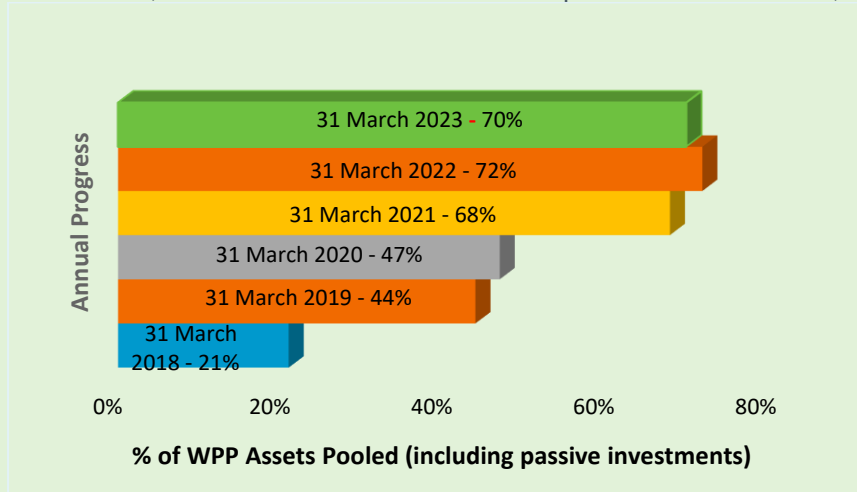
The WPP’s key policies, registers and plans are listed below and can be found on the WPP website. The policies and procedures are reviewed on a regular basis and the WPP will continually assess whether any additional policies, registers or plans are required. The WPP workplan includes additional governance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



A Breaches and Errors Policy will be developed during 2023/24.

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. Significant progress has been made towards delivering on this objective. Launching 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 pooled c70% of assets, as illustrated in the graph below:



The WPP is proud that despite only being established in 2017 it has already managed to pool c70% of the Constituent Authorities' assets. This is a marginal decrease from last year due to a fall in the market value of the sub funds mainly as a result of the volatility of global markets. 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 27 for more detail.

WPP's Infrastructure and Private Credit investment programmes were launched in 2022/23 with the Private Equity investment programme due to launch in 2023/24. No funds have yet transitioned into these programmes, the first assets are due to be transitioned in 2023/24. WPP will continue to consult with CAs to review and develop a mechanism to pool any suitable non-pooled assets.

WPP Statement of Accounts and Financial Performance

BUDGET

The following table shows the WPP's actual expenditure during 2022/23 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 23 March 2022 and subsequently by all eight Constituent Authorities.

Wales Pension Partnership 2022/23	Budget (£)	Actual (£)	Variance (£)
Gross Expenditure			
Employee costs ¹	86,200	67,728	18,472
Host Authority costs ²	23,499	18,189	5,310
Host Authority Support Services ³	81,360	81,360	0
Total Host Authority Gross Expenditure ⁴	191,059	167,277	23,782
External Consultants ⁵	1,205,500	1,097,165	108,335
Total Gross Expenditure	1,396,559	1,264,442	132,117

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 underspend of £132k for the year, which was mainly due to:

- Employee costs – Assistant Accountant not appointed
- Host Authority costs – virtual meetings still being held, reducing staff travelling & meeting expenses
- External Consultants – work completed by external consultants less than anticipated.

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.

2021/22 (£)	Description	2022/23 (£)
	Expenditure	
64,360	Employee costs	67,728
18,490	Host Authority costs	18,189
915,478	External Advisor costs *	1,097,165
79,183	Host Authority Support Service costs	81,360
1,077,511	Total Operating Expenditure	1,264,442
	Income	
(1,077,511)	Constituent Authority Recharges **	(1,264,442)
(1,077,511)	Total Operating Income	(1,264,442)
0	Total Comprehensive Income and Expenditure	0

* The budget for External Advisor costs increased in 2022/23

** 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 2023.

31st March 2022 (£)	Description	31st March 2023 (£)
	Current Assets	
501,316	Short Term Debtors	729,575
501,316	Total Current Assets	729,575
	Current Liabilities	
(317,106)	Cash and Cash Equivalents	(588,239)
(184,210)	Short Term Creditors	(141,336)
(501,316)	Total Current Liabilities	(729,575)
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.

2021/22 (£)	Description	2022/23 (£)
	Cashflow from operating activities	
0	Net (surplus) / deficit on the provision of services	0
	Adjustments for:	
(119,549)	(Increase) in trade and other debtors	(228,259)
(9,372)	Increase in trade and other creditors	(42,874)
(128,921)	Net Cash from operating activities	(271,132)
	Net (Increase) / Decrease in cash and cash equivalents	
(188,185)	Cash & Cash Equivalents as at 1 April	(317,106)
(317,106)	Cash & Cash equivalents as at 31 March	(588,238)
(128,921)	Cash and cash equivalents as at 31 March	(271,132)

NOTES TO THE ACCOUNTS

Statement of Accounting Policies

General

The Statement of Accounts summarises the transactions of the Wales Pension Partnership (WPP) for the 2022/23 financial year and its position at the year ended 31 March 2023. 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

2021/22 (£)	Description	2022/23 (£)
499,432	Constituent Authorities	728,639
1,885	Prepayments	936
501,316	Total Short-Term Debtors	729,575

Short Term Creditors

2021/22 (£)	Description	2022/23 (£)
5,448	Trade Creditors	30,878
178,762	Accruals	110,458
184,210	Total Short-Term Creditors	141,336

Audit Costs

In 2022/23 the WPP incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office.

2021/22 (£)	Description	2022/23 (£)
5,663 *	Audit Fees	5,918
5,663	Total External Audit Fees	5,918

* restated

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 2022/23 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 2022/23 and the debtor balances outstanding as at 31 March 2023.

2021/22 (£)	Description	2022/23 (£)
134,689	Cardiff & Vale of Glamorgan Pension Fund	158,055
134,689	Clwyd Pension Fund	158,055
134,689	Dyfed Pension Fund	158,055
134,689	Gwynedd Pension Fund	158,055
134,689	Powys Pension Fund	158,055
134,689	Rhondda Cynon Taf (RCT) Pension Fund	158,055
134,689	City and County of Swansea Pension Fund	158,055
134,689	Greater Gwent (Torfaen) Pension Fund	158,055
1,077,511	Total Related Party Transactions	1,264,442

2021/22 (£)	Description	2022/23 (£)
71,347	Cardiff & Vale of Glamorgan Pension Fund	103,893
71,347	Clwyd Pension Fund	103,893
71,347	Gwynedd Pension Fund	103,893
71,347	Powys Pension Fund	103,893
71,347	Rhondda Cynon Taf (RCT) Pension Fund	103,893
71,347	City and County of Swansea Pension Fund	103,893
71,347	Greater Gwent (Torfaen) Pension Fund	103,893
499,432	Related Party Transactions outstanding at year end	727,251

Carmarthenshire County Council charged the WPP for administration and support services during 2022/23. Invoices have also been received from Cyngor Gwynedd 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 2023.

Related Party Transactions - Creditors	Value of services provided during 2022/23 £	Balance outstanding as at 31 March 2023 £
Carmarthenshire County Council	151,200	0
Cyngor Gwynedd	5,200	864
Total	156,400	864

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 2022/23.

Investments and Performance

The WPP's Constituent Authorities have total assets of circa £22.5bn (as at 31 March 2023), £10.6bn 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	£3.3 bn	Link Fund Solutions	MSCI ACWI ND	RCT 47% Dyfed 30% Gwynedd 13% Cardiff 6% Powys 4%	Baillie Gifford, Veritas and Pzena
Global Opportunities	£3.3 bn	Russell Investments	MSCI ACWI ND	Swansea 39% Torfaen 16% Cardiff 16% Gwynedd 16% RCT 12% Clwyd 4%	Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, Nissay, Intermede and Oaktree
UK Opportunities	£0.760 bn	Russell Investments	FTSE All Share	Cardiff 68% Torfaen 32%	Liontrust (Majedie), Lazard, Baillie Gifford, Ninety-One, J O Hambro and Liontrust
Emerging Markets	£0.355 bn	Russell Investments	MSCI Emerging Markets	Clwyd 33% Cardiff 31% Torfaen 19% Gwynedd 16% Powys 1%	Artisan, Bin Yuan, Barrow Hanley, Axiom, Numeric and Oaktree
Global Credit	£0.694 bn	Russell Investments	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)	Torfaen 35% Dyfed 33% Cardiff 28% Powys 4%	Western, Metlife, Fidelity and T Rowe Price
Global Government	£0.482 bn	Russell Investments	FTSE World Government Bond Index	Torfaen 52% Cardiff 48%	Bluebay and Colchester
Multi-Asset Credit	£0.655 bn	Russell Investments	3 Month GBP SONIA plus 4%	Clwyd 35% Gwynedd 29% Cardiff 22% Swansea 9% Powys 5%	ICG, Man GLG, BlueBay, Barings and Voya
UK Credit Fund	£0.521 bn	Link Fund Solutions	ICE BofA ML Eur-Stg plus 0.65%	RCT 100%	Fidelity
Absolute Return Bond Fund	£0.559 bn	Russell Investments	3 month GBP SONIA plus 2%	Gwynedd 69% Powys 19% Swansea 12%	Wellington, Putnam, Aegon and Insight

* Asset Under Management (AUM) value as at 31 March 2023

** % holdings as at 31 March 2023

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 31/3/23	% of each Constituent Authorities' assets
Cardiff & Vale of Glamorgan	£0.591 bn	22%
Dyfed	£1.259 bn	40%
Gwynedd	£0.786 bn	29%
Powys	£0.226 bn	29%
RCT	£0.662 bn	16%
Swansea	£0.647 bn	22%
Greater Gwent (Torfaen)	£0.903 bn	24%
Total	£5.074 bn	

During 2023/24, the WPP will be launching the Private Debt, Infrastructure and Private Equity Investment programmes, as well as a Sustainable Active Equity sub-fund.

Investment Performance

	WPP 12-month performance to the 31 March 2023 (Net of Fees)			
	Inception Date	Fund %	Benchmark %	Relative %
Equity sub-funds				
Global Growth	6 February 2019	(0.90)	(1.43)	0.53
Global Opportunities	14 February 2019	0.28	(1.43)	1.71
UK Opportunities	11 October 2019	4.23	2.92	1.31
Emerging Markets	29 October 2021	(3.62)	(3.48)	(0.14)
Fixed Income sub-funds				
UK Credit	19 August 2020	(9.38)	(9.58)	0.20
Global Government Bond	19 August 2020	(5.10)	(6.62)	1.52
Global Credit	20 August 2020	(8.43)	(6.56)	(1.87)
Multi-Asset Credit Fund	11 August 2020	(6.23)	6.36^	
Absolute Return Bond	30 September 2020	2.07	4.32^	

Source: Northern Trust report as at 31 March 2023

^ 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 outperformed their benchmarks, except for Emerging Markets, which underperformed in a difficult market environment. Global equity markets were volatile with investors anticipating a prolonged higher interest rate environment and negative economic growth as central banks combatted persistently high inflation. The ongoing war in Ukraine and Covid-19 restrictions in China were further market headwinds early in the period. However, market conditions improved in the latter half of the period with investors encouraged by signs that inflation was being tamed and China's abandonment of its "zero-covid" policy. The US Federal Reserve (Fed), Bank of England (BoE) and European Central Bank sharply hiked rates over the period.

The value factor outperformed, aided by the performance of large cap value names. Growth underperformed value although the factor performed notably well in the final quarter of the period as investor rate hike expectations moderated. Overall, large capitalisation stocks outperformed small and mid-cap stocks. High dividend yield stocks also outperformed. The WPP Global Opportunities sub-fund benefitted from strong individual stock selection and a tilt towards the value factor. Within the UK Opportunities sub-fund, strong stock selection within the communication services sector contributed to excess relative returns. Underweight positioning and positive selection within the financials, real estate and utilities sectors was also rewarded. Emerging markets suffered their worst quarters since the first quarter of 2020 in the second and third quarters of 2022. Over the period, although the Emerging Market sub-fund benefitted from positioning and selection within Mexico (overweight) and India (underweight) an underweight to and negative selection within China more broadly weighed on relative returns.

It was a volatile and negative period for fixed income markets. The WPP UK Credit and Global Government Bond sub-funds outperformed their benchmarks while the Multi-Asset Credit and Absolute Return Bond sub-funds lagged their interest rate performance targets. Global credit markets outperformed other areas of fixed income over the period. However, spreads broadly widened, particularly within high yield credit. This did not suit the Global Credit sub-fund's US credit exposure, particularly among high yield industrials and investment grade financials. Within the Multi-Asset Credit sub-fund, the overweight to high yield was also ineffective although exposure to US securitised debt was helpful. Government bond yields increased with the benchmark 10-year US Treasury yield climbing 113 basis points (bps) to 3.47% in a period where the Fed raised interest rates eight times, from 0.50% to 5.0%. In this environment, the Global Government Bond sub-fund benefitted from its underweight to US duration. In the UK, the BoE was forced to intervene in September 2022 after benchmark 10-year gilt yields surged following (then) Chancellor Kwasi Kwarteng's unexpected and unfunded tax cut proposals. The UK 10-year gilt yield peaked at its highest since November 2008 (4.50%). Market conditions improved in the latter half of the period as Rishi Sunak became the new Prime Minister, the economy narrowly avoided recession and data suggested inflation may have peaked. The Global Government Bond sub-fund benefitted from its duration positioning within Europe and the UK, while the Absolute Return Bond sub-fund's short duration positions within Germany and the UK were rewarded

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 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 2023 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 2022/23.

The total annual running costs for 2022/23 equates to £5,161k 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 31/3/23 £000's	Gross Annual Savings * £000's	Savings as a % of Asset Value
Global Equities	6,546,047	7,466	0.11%
UK Equities	760,446	395	0.05%
Emerging Markets	355,136	938	0.26%
Fixed Income	2,911,057	108	< 0.01%
Total	10,572,686	8,907	0.08%

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

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, £3,746k (£8,907k less £5,161k) in 2022/23 (excluding transition costs).

Passive Investments, as detailed on page 25 also provides a total fee saving of c£2m per annum.

Responsible Investment

Responsible Investment (RI) – alongside consideration and evidential management of 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 works 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 second annual submission to be a UK Stewardship Code signatory (for the reporting year to 31 March 2022), with further progress in this area helping maintain our signatory status. Work on the 2022/23 report is already underway, with submissions to take place by the end of October 2023.

The WPP RI Sub-Group was established in 2020, in order to support the development and implementation of the WPP's overall RI activity and policies. 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
- Reviewing the objectives of the WPP, by adding a sustainability-related objective. The objectives guide the way in which WPP is governed and operates, so adding an objective that acknowledges the need to embed the delivery of long-term sustainable investment outcomes into WPP's decision-making is an important evolution
- 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, as well as responding to relevant government consultations
- Discussions on climate goals, including decarbonisation objectives and started working on an all-Wales climate report
- Discussions on WPP private-markets mandates, including how stewardship and RI will be incorporated in these mandates
- Discussions on relevant ESG themes, including the establishment of a stewardship themes framework to help better feed into the engagement-theme selection process of WPP's V&E provider. Themes discussed included: human rights; the Occupied Palestinian Territories; the living wage; modern slavery
- Discussions around responsible securities lending, including around recalling stock for voting purposes
- 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

Significant work was carried out in the development of new investment vehicles for WPP, including the Sustainable Active Equity Sub-Fund, which launched following year-end, and on private markets, including infrastructure and private debt. RI will remain in focus within these Sub-Funds; for example, the Sustainable Active Equity Sub-Fund has a specific net-zero goal, while part of the focus within the private-markets Sub-Funds will be on facilitating investment in climate solutions.

Climate risk generally continued to be a particular focus for WPP, with work initiated on an all Wales climate report. This work will help WPP prepare for upcoming reporting requirements in line with TCFD and will provide the basis of discussions around transition planning and the establishment of a common climate goal.

As part of its commitment to stewardship, Robeco continued to provide the WPP's 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, as well as 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. With the help of its advisor, WPP has also developed a reporting tool that will provide Sub-Fund-specific engagement data on a quarterly basis. Progress in this area will help better meet the reporting needs of the underlying Constituent Authorities and wider stakeholders, with a new quarterly RI report developed that will be made available for pension committees.

The WPP has also worked with its service providers to enhance its stewardship goals, including discussions on recalling stock for proxy voting purposes and implementing an escalation strategy in cases of failed engagement.

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.

The WPP believes in being open and transparent as well as regularly engaging with its key stakeholders. As such, the WPP ensures that the Joint Governance Committee meetings are accessible to the public via a live webcast stream and meeting papers are made publicly available. Regular Local Pension Board engagement days are also being held 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	Bi-Annual
Engagement via the website & LinkedIn	Continuous

These engagements are carried out via a blend of in person, virtual and hybrid meetings.

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 review and 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 2022/23, the WPP continued to hold its training sessions virtually with four 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 2022/23 were:

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

Additional Stock Lending training was also provided to the OWG and JGC members and Induction training provided to the four new JGC members.

In December 2022 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.

During 2023/24 the WPP will facilitate training on the following topics:

- Product Knowledge
 - Private Market Asset Classes – Private Equity / Property
 - Levelling up / development opportunities
- Reporting
 - TCFD Reporting
 - Performance Reporting
- Responsible Investment (RI)
 - Voting & Engagement
 - RI within the WPP sub funds
- Market Understanding & Regulatory Requirements
 - Progress of other LGPS pools & Collaboration Opportunities
 - Pooling Guidance

The Training Policy and full WPP Training Plan for 2023/24 can be found on the WPP website.

Conclusion

As you can see the WPP has had another very productive year. 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.

Whilst 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 2023/24 has been developed and forms part of our 2023-2026 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,

please contact the Wales Pension Partnership:

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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/>

