



Wales Pension Partnership Governance Manual



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Introduction

Welcome to the Wales Pension Partnership ('WPP') Governance Manual.

The purpose of this manual is to provide a detailed overview of the WPP's governance structure, framework and policies. This manual collates all the essential details on how the WPP is governed, as well as articulating the roles, responsibilities and procedures that the WPP has put in place.

One of the documents main objective is to act as a reference point that can be of benefit to WPP personnel, as well as external parties who may wish to learn more about how the WPP is governed. The WPP is very proud of the governance structure, framework and procedures that it has put in place and is keen to articulate and illustrate these to both internal and external audiences. This manual is intended to provide full transparency on the WPP's governance matters. By providing this transparency the WPP hopes that people will be able to fully understand how it operates and that this understanding will improve the levels of engagement between the WPP and all parties.

It is also our hope that this document will meet a second objective - which is to demonstrate how seriously the WPP takes governance matters. The WPP is fully committed to putting in place a robust governance structure through which the pooling activities of the eight Welsh Constituent Authorities can be facilitated. The WPP firmly believes that good governance will lead to better decision making, greater value for money and most importantly better outcomes for the WPP's stakeholders. This document will hopefully provide you with a solid understanding of:

- Who the WPP are, what are our objectives and beliefs which guide us
- How the WPP operates, what our roles and responsibilities are
- Which policies and procedure we follow and adhere to.

Please note that this document will evolve and will be subject to ongoing alterations and amendments as the WPP refines, reviews and up-dates its governance arrangements. This document will be regularly updated to reflect any notable changes in WPP's governance matters, and it will also be amended to reflect updates to the WPP's underlying policies and procedures.

This manual brings together all of the WPP's governance arrangements including the Inter Authority Agreement ('IAA') which is a foundation of these governance arrangements and binds the Constituent Authorities in their common objective of delivering best in class investment pooling for the benefit of LGPS members, participating employers and local tax-payers.

I hope that you will find this WPP Governance Manual helpful and informative and that it will give you a sense of how the WPP is structured and the means by which it operates. Please do feel free to contact us, using the contact details on Page 32, if you have any questions or feedback.

Yours Sincerely,

Chris Moore

Section 151 Officer at the Host Authority (Carmarthenshire County Council)

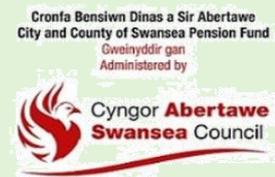
About the Wales Pension Partnership

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

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

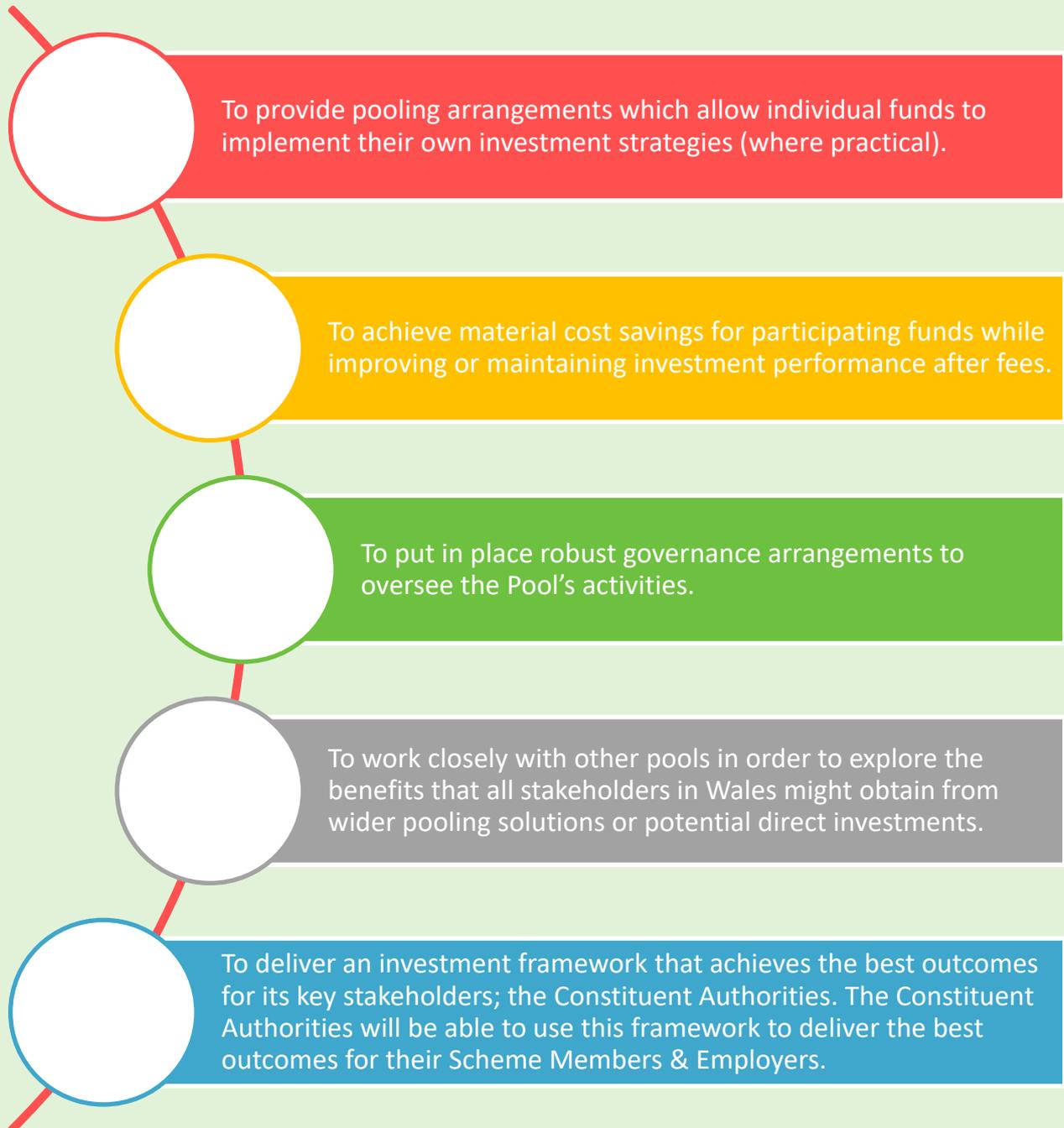
Our operating model is designed to be flexible and deliver value for money. We appointed an external fund Operator and make use of external advisers to bring best of breed expertise to support the running of the Pool, this includes Hymans Robertson who have been appointed as the WPP's Oversight Advisor.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

We have a shared vision and agreement on the means and pace at which this vision will be achieved. The eight LGPS Funds (Constituent Authorities) of the Wales Pension Partnership are:



Objectives of the WPP

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



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.

WPP Beliefs

The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented.

Good governance should lead to superior outcomes for the WPP's stakeholders.

Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders.

Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of broader Environmental, Social and Governance issues, should result in better outcomes for the WPP's stakeholders.

Effective internal and external communication is vital to achieving the WPP's objectives.

External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise.

Fee and cost transparency will aid decision making and improve stakeholder outcomes.

Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve.

A flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies.

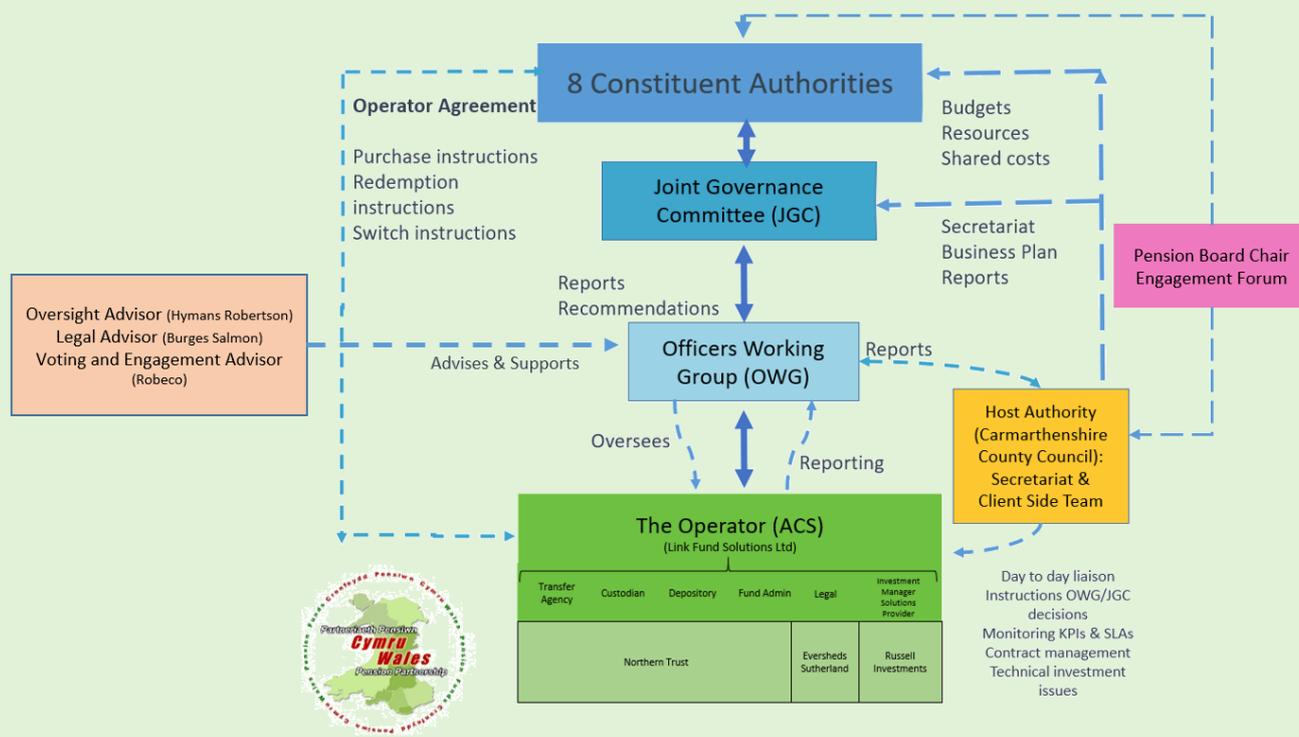
Governance Structure & Principles

The WPP is responsible for ensuring that its business is conducted in accordance with regulation and guidance. We must also ensure that: public money is safeguarded and properly accounted for; used economically, efficiently and effectively to ensure value for money. We also strive for continuous improvement and to conform with industry best practice.

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's IAA can be found in its entirety in [Appendix A](#). 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 shows WPP's governance structure.



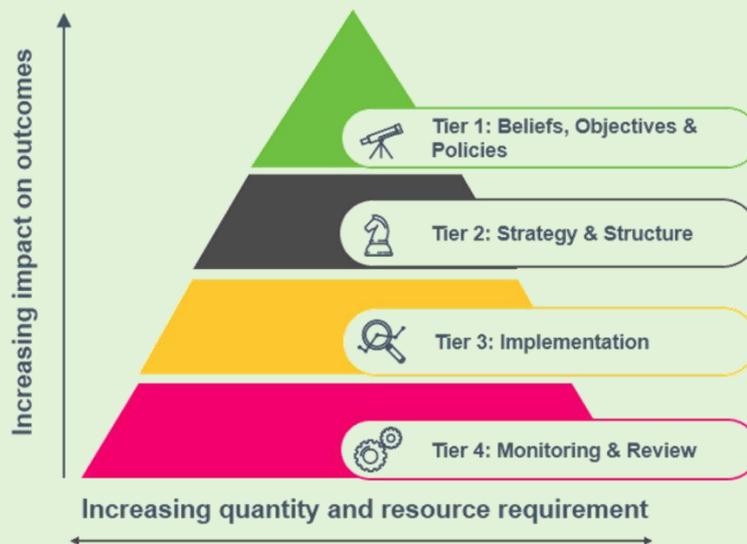
The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP's Business Plan, which outlines the WPP's budget and workplan, as well as its Beliefs and Objectives. The WPP Business 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 respectively of elected councillor and officer representatives from the Constituent Authorities.

As previously noted, the WPP Inter Authority Agreement outlines the governance bodies that make up the WPP's governance structure and identify how these bodies interact with one another and roles that each of these bodies play. The governance decision matrix ([Appendix B](#)) provides a concise summary of the different roles, responsibilities and interaction between all the WPP's committees, groups and suppliers. In particular, it shows which governance body is responsible for which decisions

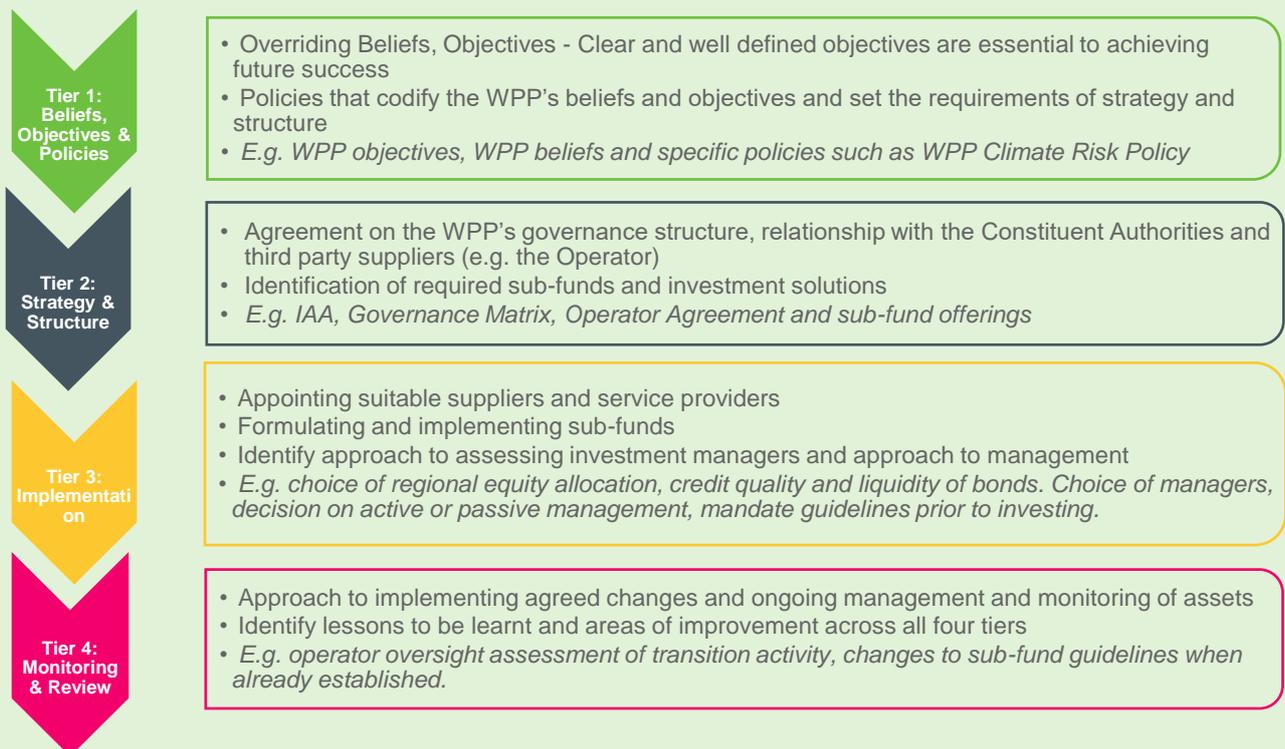
The WPP has created a number of committees, groups and roles as part of its governance structure, the creation of which has ensured that the WPP has been able to deliver a robust governance structure to its stakeholders. In particular, the WPP's governance structure seeks to achieve:



Alongside this governance structure, the WPP has developed a governance framework which can be used to evaluate, categorise and attribute resources to the WPP's ongoing workstreams. 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:



As illustrated in the diagram above, the framework is based on the principle that your beliefs, objectives and policies are of the utmost importance as they inform all work and activities that the WPP undertakes. Formulation and review of the WPP's Beliefs, Objectives and Policies represent a relatively small proportion of the WPP's overall time and activity – however they have the potential to produce the greatest impact on the outcomes that the WPP is able to provide to its stakeholders. We set out below in more detail the different Tiers of the WPP's governance framework:



Governance Roles & Responsibilities

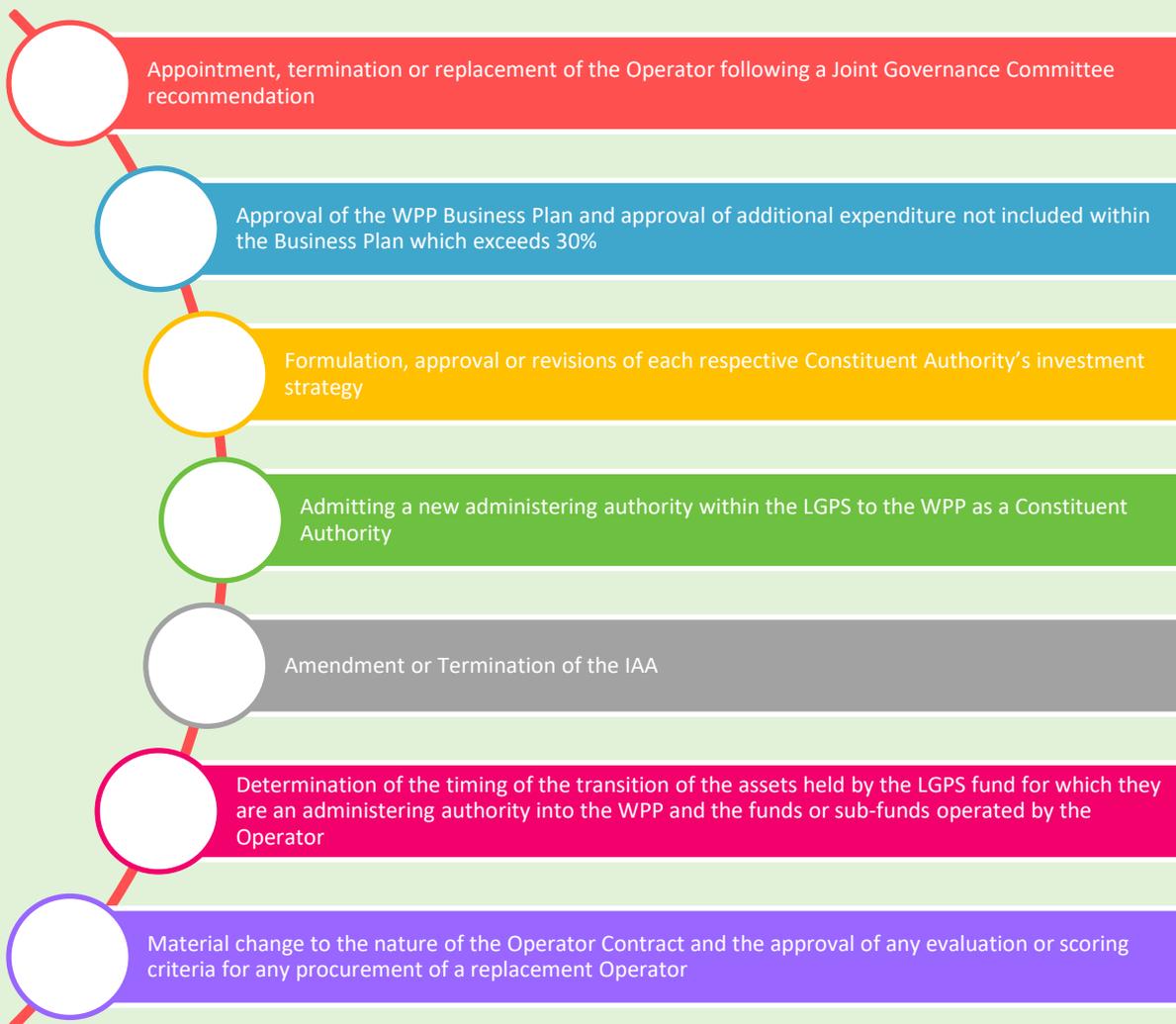
A brief introduction to the purpose, membership and functionality of the WPP's Committees, Groups and Roles can be found below:

The Constituent Authorities

As previously noted, the Constituent Authorities are the most important element of the WPP, they not only represent the founding members of the WPP but also its key stakeholders. The Constituent Authorities formed the WPP's Joint Governance Committee to oversee and report on the WPP. Prior to formulating the JGC the Constituent Authorities agreed that a number of decision-making matters should be reserved to the Constituent Authorities, while the remainder could be considered to be matters for the WPP's Joint Governance Committee.

Constituent Authority Matters

The matters reserved to the Constituent Authorities are set out in Schedule 2 of the Inter Authority Agreement, they can be summarised as follow:



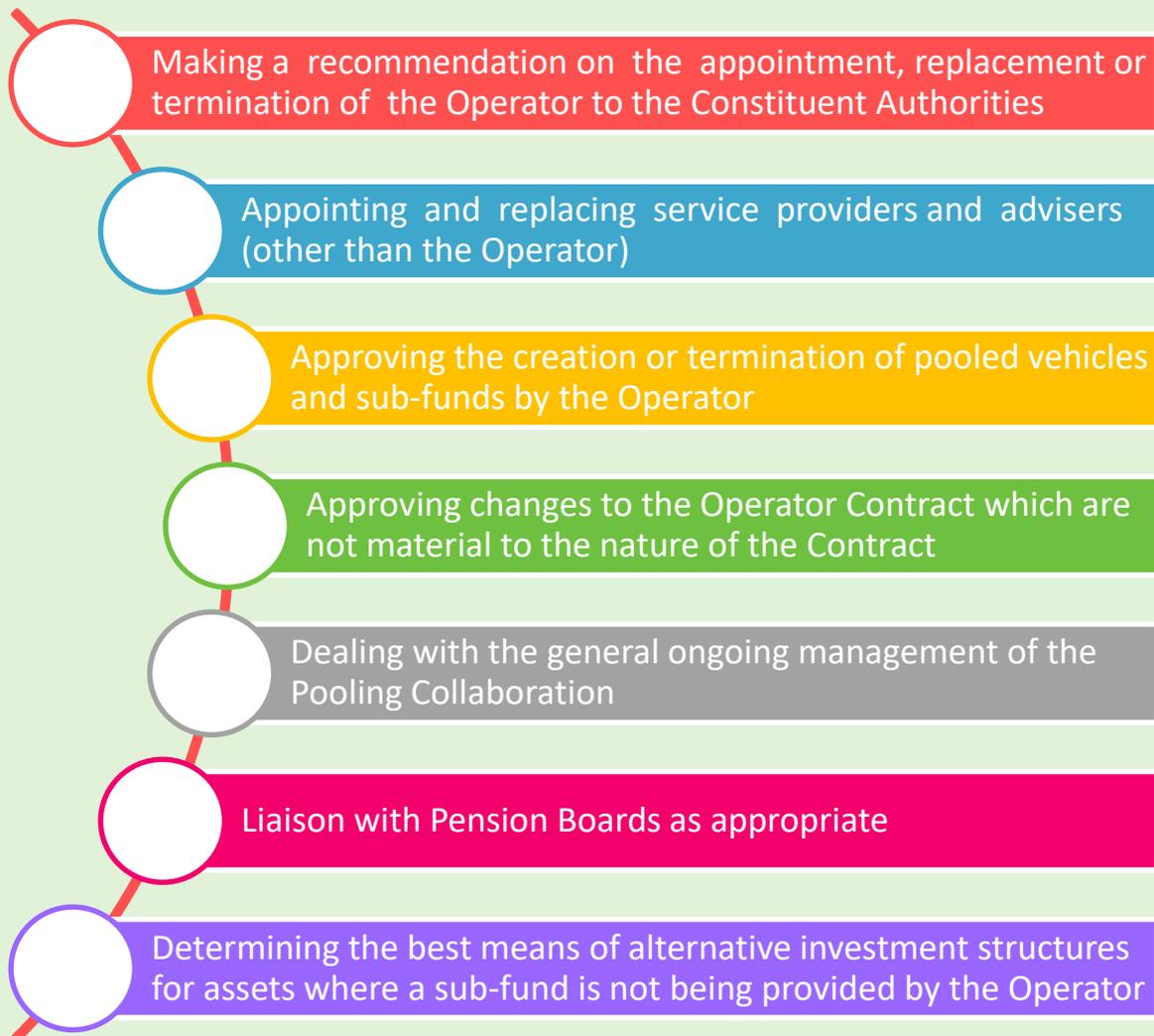
Joint Governance Committee

The Wales Pension Partnership Joint Governance Committee (JGC) was formalised in June 2017 and meets at least four times a year. The JGC is comprised of one elected member from each of the eight Constituent Authorities. The elected member must be a member of that Constituent Authority and that Constituent Authority's Pensions Committee. The Chair and Vice-chair are rotated on an annual basis.

In December 2020, the JGC approved a provision for a co-opted (non-voting) pension board scheme member representative on the JGC.

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, brief summary of JGC Matters and its Terms of References are outlined below.

JGC Matters



JGC Terms of Reference

The Joint Governance Committee responsibilities are:

- Making recommendations to the Constituent Authorities on the termination of the Operator Contract where the performance is considered unacceptable;
- Ensuring that there are an appropriate range of sub-funds available to allow the Constituent Authorities to meet their strategic investment aims;
- Monitoring the performance of the Operator against the agreed set of key performance indicators;
- Reporting on the performance of the Investment Pool, its costs and other activities;
- Review the appropriateness of the existing structures, including the number and make-up of sub-funds;
- Liaising with the Operator on the appointment of suppliers, for example manager preferences or the appointment of depositories;
- Liaising with the Constituent Authorities on the appropriate range of sub-funds to be provided in the Investment Pool;
- Reviewing policies in respect of ethical, social and governance matters and voting rights and where appropriate make recommendations to the Constituent Authorities;
- Applying any processes or policies that are assigned to it within the IAA;
- Recommend a high-level plan for the transition of assets into the pool;
- Ensuring that the OWG acts within its remit;
- Providing any analysis or commentary on annual accounts to the Constituent Authorities;
- Monitoring the implementation and effectiveness of policies and initiating reviews where required;
- Delivery and ongoing monitoring against the Pooling Collaboration objectives, Business Plan and budgets;
- Approving responses from the Pooling Collaboration in relation to consultations or other matters considered appropriate;
- Seeking advice from professional and authorised and regulated advisers where necessary;
- Agreeing the Business Plan to be put forward to the Constituent Authorities for approval;
- Report to the Constituent Authorities quarterly on the matters within their remit;
- Agreeing criteria for the evaluation of bids or tenders for any procurement (other than the Operator) to be put forward for the approval of the Constituent Authorities.

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. Additionally, the WPP has put in place the following meeting procedure to ensure that JGC meetings operate in an efficient, transparent and democratic fashion.

Meeting Procedure (JGC)

- All agendas, reports and minutes shall be in both Welsh and English, and simultaneous translation of proceedings will be available throughout all meetings. The Chair will sign the minutes of the proceedings at the next suitable meeting;
- The Chair is responsible for the running of meetings. The Chair shall invite Members expressing a desire to speak in turn. All discussion and debate shall be held through the Chair and the Chair may draw a discussion to a vote at any time where they consider that every Member has been given a fair opportunity to speak;
- Where any item to be discussed forms exempt information the Chair shall move that the public and press from the meeting for the duration of the discussion and voting on that item. Motions to exclude the press and public do not require to be seconded and shall be determined by simple majority vote of the Members present. The Chair may invite any person to remain in the meeting where they consider it to be necessary or appropriate to do so and any members of the OWG present shall be presumed to be invited to remain unless the Chair specifies otherwise;
- Any person may be excluded from a meeting or required to leave a meeting where in the opinion of the Chair they are causing a disturbance to the running of the meeting and have not desisted from doing following a request; or where any person is so disruptive that their conduct if allowed to remain would prevent the meeting from proceeding in a fair and acceptable manner;
- Any Member may propose a motion. All motions must be seconded. Motions which are opposed shall be put to a vote;
- A Member may raise a point of order at any time. The Chair will hear them immediately. The Member must indicate the provision or law or regulation and the way in which he/she considers it has been broken. The ruling of the Chair on the matter will be final. The Chair may take advice on the point of order from the appropriate officer;
- The Chair shall seek consensus wherever possible however where a vote is required each Member present will have one vote and voting will be by means of a show of hands. In the event of a tied vote, the Chair shall have a second or casting vote. All decisions will be determined by simple majority.

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 meets at least four times a year. An overview of the roles and responsibilities of the OWG can be found below:

- Making proposal to the JGC on:
 - Procuring external support to meet the WPP's requirements;

- Governance arrangements;
- The most appropriate means of accessing different asset types – including the structure and number and make-up of sub-funds;
- High level transition plans for the transfer of assets to pool the Investment Pool;
- Challenging and contributing to the development of the Pool and helping the JGC achieve its objectives;
- Making recommendations to the JGC on the appointment, replacement or termination of the Operator;
- Monitoring and reviewing the performance of the Operator;
- Receiving reports on performance of the assets and reporting to the JGC;
- External reporting on the Pooling Collaboration and its progress;
- Liaison with other pools as required;
- Consider, recommend and draft the Business Plan for consideration by the JGC;
- Develop and keep under review the programme of training to be delivered to Members
- Seek advice from professional advisors that are authorised and regulated by competent authorities;
- Managing the procurement process for the procurement of any replacement Operator;
- Any other matters that the JGC has delegated to the OWG.

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).

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

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

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

The WPP has also established a number of 'sub-groups', these sub-groups are generally formulated to progress or develop certain elements of the WPP's workplan. All the sub-groups are made up from a sub-

section of the OWG and are responsible for formally reporting back to the entire OWG. Current WPP sub-groups include:

- The Responsible Investment Sub-Group – which is responsible for formulating and delivering of the WPP’s Responsible Investment Workplan as well as liaising with the WPP’s Voting and Engagement Provider.
- The Risk Sub-Group – which is responsible for monitoring, maintaining and implementing the WPP’s Risk Register and Policy.
- The Private Market Sub-Group – which is responsible for formulating and developing the WPP’s Private Market Sub-Fund(s).
- The Procurement Sub-Groups – which are responsible for procurement exercises.

Host Authority

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

- To act as the employing authority for any staff solely engaged in carrying out work on behalf of the WPP;
- Being the point of contact for the purposes of managing the WPP;
- Providing administrative resources and facilities relating to the WPP’s activities;
- Providing governance and administrative services relating to the WPP’s activities;
- Providing training for Members to support their role;
- Enter into contracts, on behalf of the WPP, for supplies and services that the WPP requires;
- Liaise with the Operator on behalf of the Constituent Authorities and provide any contract management and co-ordination services that are required;
- Provide appropriately qualified and experienced officers who will act as the primary legal and financial advisers to the Pool. This will include a Section 151 Officer and Monitoring Officer to undertake oversight and review of the operation of the Pool and decisions of the Joint Governance Committee on behalf of all of the Constituent Authorities.

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

The Host Authority is the main point of contact for all WPP related questions and is also tasked with maintaining the WPP's communication methods (e.g. Website and LinkedIn). The Host Authority has an internal team from which it can draw resources and expertise to help it meet its responsibilities.

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.

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. It is also responsible for ensuring that the provisions are fully complied with at all levels. The Monitoring Officer attends all JGC meetings.

The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the WPP's own procedures. As the Head of Service with ultimate responsibility for the Democratic Services Unit, the Monitoring Officer is also responsible for the formal recording and publication of the democratic decision-making process.

The Monitoring Officer works closely with the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to the Joint Governance Committee if they consider that any proposal will give rise to unlawfulness.

Current External Providers

The WPP believes that external suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise. The WPP has undertaken thorough market testing and associated procurement or appointment exercises to contract the following suppliers in the belief that, at present, these suppliers will be able to assist the WPP in delivering the best and most cost-effective outcomes for its stakeholders. Please note that the list below outlines the WPP's current providers and suppliers, this list is continuously reviewed and subject to change.

Link Fund Solutions Ltd (The Operator)

The WPP has designed an operating model which is flexible and able to deliver value for money. Link Fund Solutions Ltd (Link) have been appointed as the external Operator and, with the support of Russell Investments, they will be tasked with delivering effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities. Link is the provider of the WPP's Authorised Contractual Scheme ('ACS') which houses the WPP's investment Sub Funds.

The Operator is FCA-authorized firm and its responsibilities include:

- The day-to-day operation and managing the investments/regulatory compliance/risks;
- Managing / appointing third parties;
- Buying and selling the open-ended collective investment vehicle's shares; and
- Ensuring the accurate pricing of shares at net asset value.

To ensure the ACS meets its regulatory obligations, Link outsources the day-to-day running of the WPP's ACS to service providers such as the fund accountant/ administrator and the transfer agent (Northern Trust). In addition, Link has appointed Northern Trust as the depositary.

There is an Operator Agreement in place with Link Fund Solutions which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of its Oversight Advisor, oversee the work that Link Fund Solutions carry out on behalf of the WPP. The WPP's Operator Engagement Protocols have also been put in place to ensure that there is sufficient levels of engagement between the Operator and the individual Constituent Authorities. The Operator engages with the Constituent Authorities in two key ways:

- Direct engagement, through regular meetings with the individual CA stakeholders and their investment advisors (committee meetings)
- Indirect engagement with CAs collectively, through the Joint Governance Committee (JGC) and the Officers Working Group (OWG)

Direct Engagement

Link attend committee meetings at a minimum frequency of once per annum with stakeholders and investment advisors of each Constituent Authority. The benefits of this ongoing engagement are as follows.

- Development of the ongoing relationship
- Aid Link's understanding of each Constituent Authority's investment strategy - including asset allocation, risk and return requirements and any asset class preferences.
- It also allows Russell Investments, as the Investment Management Solutions Provider to the WPP, an opportunity to provide a fresh perspective and sound advice to CA committees and their advisors

At these meetings, Link present detailed reporting to each individual Constituent Authority. These reports will include:

- Asset allocations summary, including holdings across Pool
- Manager updates and notification of changes to evaluations and rankings
- Transaction reports, including full transparency of all costs
- Performance reports for each sub-fund / strategy

Indirect Engagement

Link hold fortnightly project meetings with designated officers, with the aim of ensuring an efficient flow of information between Link & WPP. Through these fortnightly meetings and formal OWG and JGC meetings the WPP can communicate the following to LINK:

- Expectations for the Sub-Fund structures that need to be created
- Views and input on Manager selections
- Customisations of Manager guidelines requirements, in particular with regard to Responsible Investment and ESG criteria
- Any LGPS specific considerations

Meanwhile Link will be responsible for communicating the following:

- Detailed reporting on assets in ACS and project updates (including launch activity)

- Manager oversight reporting, including performance and Manager ranking changes
- Key Performance Indicators (KPI), which helps JGC/OWG monitor service delivery
- Regulatory and industry updates
- This list is not exhaustive but provides an example of the efficient engagement between the various entities.

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

- Facilitating Investment Vehicles & Sub-Funds
- Performance reporting
- Transitions implementation
- Manager monitoring and fee negotiations
- Risk reporting
- Provide events and individual meetings to provide education and training

The WPP has also put in place additional engagement mechanisms to ensure sufficient oversight of the Operator and high-quality service delivery:

- A Bi-Weekly Host Authority Update – during the course of these meetings the Host Authority discuss deliverables, workflow and progress update with the Operator to ensure that work is progressing in a timely fashion and in a way that is aligned with the WPP’s objectives.
- A 6 Monthly Strategic Relationship Review – This is an opportunity for Section 151 Officers and the Host Authority to outline the WPP’s strategic objectives and ensure that the Operator is aware, aligned and able to deliver on these objectives.
- An Annual Shareholder Day – where Constituent Authorities receive a strategic and performance update from the Operator and Underlying Managers. Constituent Authorities have the opportunity to question or challenge any aspects of the Operator’s or Investment Manager’s performance or strategic thinking.



Russell Investments (Investment Management Solutions Provider)

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



Hymans Robertson (The Oversight Advisor)

Hymans Robertson have been appointed the Oversight Advisors for the WPP. Hymans Robertson's role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support. They attend all OWG and JGC meetings.



Burges Salmon (Legal Advisor)

Burges Salmon provide Legal advice, as and when required. Burges Salmon's remit requires them to provide expertise in FCA regulated funds, tax, public sector procurement and local government. In addition, Burges also 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, Depository, Transfer Agent and Fund Accountant)

Northern Trust provides numerous services to the WPP including securities lending, fund administration, compliance monitoring and reporting.

Northern Trust is the Depository for the WPP ACS vehicle. There is a requirement for the depository to be an FCA authorised firm and fully independent of the ACS vehicle. As Depository, Northern Trust holds legal titles to the ACS' investments and is responsible for their safe custody. Northern Trust has responsibility for ensuring that the Operator complies with regulatory requirements. Fundamentally, Northern Trust protects the shareholders of the Fund who have the rights to the vehicle's assets.

Northern Trust are also appointed by the Operator (Link Fund Solutions) to act as Fund Accountant and Administrator. This role means that Northern Trust is responsible for all aspects of the day-to-day accounting of the fund including reporting of the Net Asset Value (NAV). The fund accountant will work closely with the Operator, transfer agent and custodian. In addition, the fund accountant is responsible for:

- Securities data management and corporate actions processing
- Trade capture management and reconciliations
- Derivative support
- Expense processing
- Production of the annual and semi-annual financial statements

Northern Trust is the Transfer Agent for the WPP's ACS, in fulfilling this role Northern Trust carries out the following activities:

- Investor AML and due diligence
- Maintaining the records of the shareholder/unitholder register of the fund
- Establishing the tax status of investors
- Processing investor dealing – subscriptions/redemptions etc
- Working closely with the investment manager to provide cash reporting
- Issuing investor media – contract notes, statements



Robeco UK (Proxy Voting & Engagement Provider)

Robeco UK have recently been appointed the WPP's Voting and Engagement provider and they will assist the WPP in formulating and maintaining a Voting Policy and Engagement Principles that are in keeping with the Welsh Constituent Authorities' membership of the Local Authority Pension Fund Forum ('LAPFF'). Further, Robeco will take responsibility for implementing the Voting Policy across WPP's £5bn active equity portfolio as well as reporting to WPP and the underlying Funds.



WPP Policies

The WPP believes that good governance should lead to superior outcomes for the WPP’s stakeholders. In recognition of this belief, the WPP, in consultation with the Constituent Authorities, has developed a robust governance structure and framework and a set of governing policies. In all instances the WPP’s policies and procedures have been developed to either complement or supplement 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 and in the appendices.



The WPP’s policies are reviewed on at least an annual basis and the WPP will continually assess whether any additional policies, registers or plans are required. The WPP workplan includes a number of additional governance documents that will be developed, these will be made available on the WPP website once completed.

In the pages below we have provided a brief overview of each policy and the procedures that the WPP has put in place to ensure that its policies are effectively implemented and adhered to. The policies below play a vital role in the WPP’s governance arrangements and have been formulated with the sole purpose of providing a codified framework which will ensure that the WPP achieves its objectives in an effective and transparent means

Risk Management

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

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

The WPP's risk strategy seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without 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.

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:

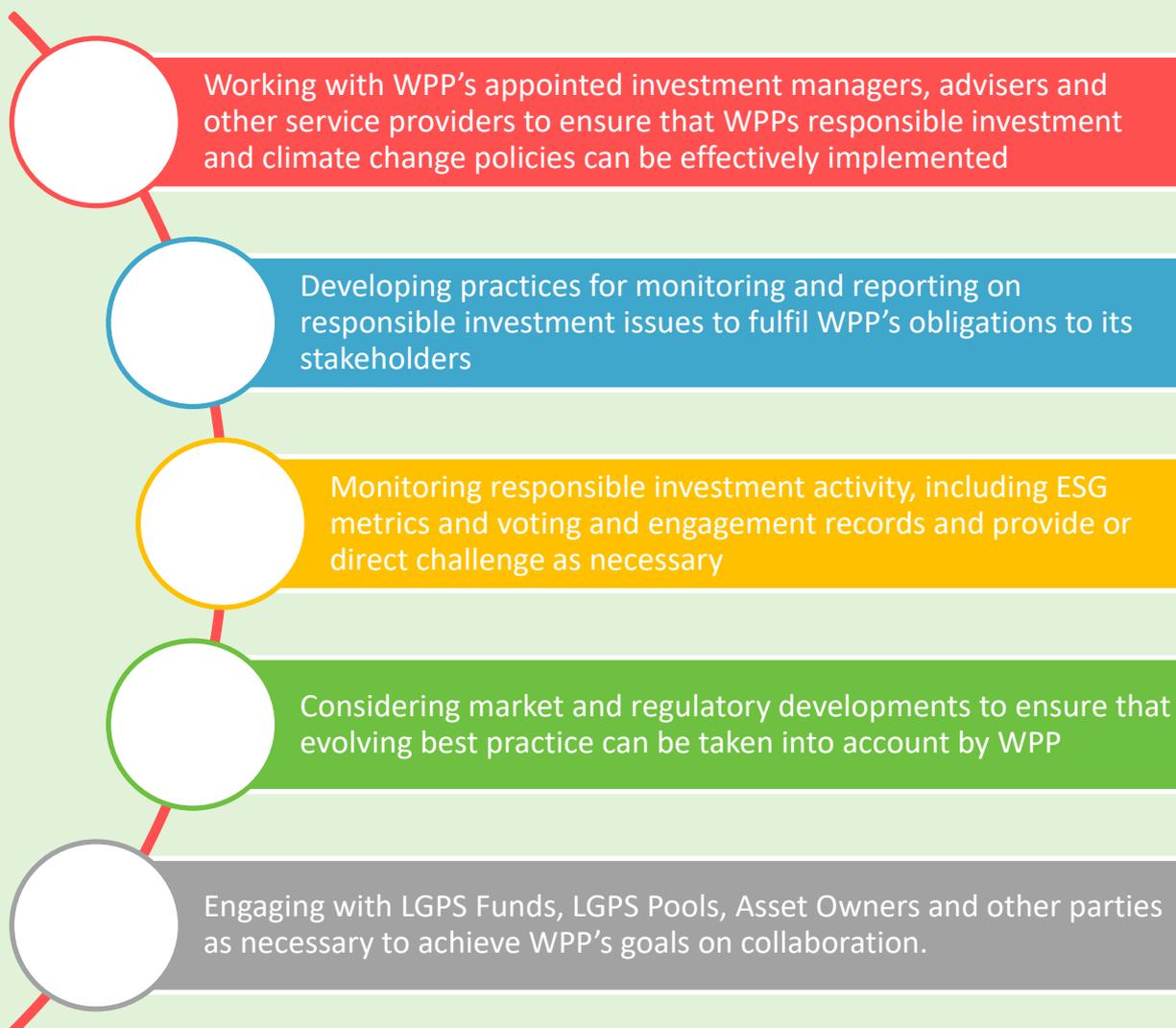


The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives. The WPP's Business Plan is an additional means through which the WPP will give special recognition to risks that pose a material threat to the delivery of its objectives and the actions required to manage these risks. WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis. The Sub-Group is not only responsible to maintaining the WPP's Risk Register, it is also responsible for reviewing the WPP Risk Policy on an annual basis and progressing any actions that result or arise from its monitoring and review of the WPP Risk Register. The Risk Policy can be found in [Appendix C](#), the Risk Register can be found on the [website](#).

Responsible Investment

The WPP believes that Responsible Investment, alongside consideration and evidence-based management of Environmental, Social and Governance issues, should result in better outcomes for its stakeholders. Hence, it has been a key priority for us since we were established in 2017. Various activities have been undertaken to work towards our ambition of becoming a leader in Responsible Investment. Initially, our focus was on formulating a Responsible Investment Policy, [Appendix D](#). The WPP has since formulated its own Climate Risk Policy, [Appendix E](#), and has worked with its Voting and Engagement Provider, Robeco, to agree a Voting Policy, [Appendix F](#).

In Q3 2020 the WPP RI Sub-Group was formulated and this sub-group has taken ownership of RI related workstreams and actions that are required to achieve the commitments made in the WPP's RI and Climate Risk Policies – this includes;



The Group reports to and advises the OWG and JGC on any changes to WPP's policies or implementation approach that may be necessary to ensure that WPP's goals can be met. The Group's full 'Terms of Reference' can be found in [Appendix G](#).

Conflict of Interest and Procedure

The WPP recognises that a fail to manage conflicts of interest poses a material risks to the WPP, the consequences of which may include decisions that are not in the best interests of the WPP’s stakeholders, the WPP reputation being negatively impacted and referral to regulatory bodies. It is important that good governance principles are followed and that is why the WPP has formulated a Conflict of Interest and Procedure Policy, [Appendix H](#), which outlines how conflicts are identified, managed and monitored. The main objectives of the WPP’s Conflict of Interest and Procedure Policy is to;

- Demonstrate its commitment to identifying, managing and monitoring conflicts of interest.
- Adhere to the WPP’s belief that good governance and transparency will deliver superior outcomes for WPP stakeholders.
- Continue the WPP’s creation of a decision making and governance framework that is focussed on achieving the best outcomes for the WPP’s stakeholders.

Communication

The Wales Pension Partnership (“WPP”) believes that effective internal and external communication is vital to achieving its objectives. The WPP, as part of its commitment to this belief, has formulated a Communication Policy, [Appendix I](#). The Policy is reviewed annually, the review will take account of innovative developments within the communication industry and the expressed views of WPP’s stakeholders. The Policy sets out how the WPP will carry out its internal and external communication strategies, it covers the following topics:



Training

The WPP is commitment to be an organisation that is continually evolving and learning. The formation of the WPP’s Training Policy, and the accompanying WPP Annual Training Plan, in collaboration with the Constituent Authorities was particularly pleasing as it showed the WPP’s continued commitment to providing benefits from Pooling that are not solely investment focussed, it also highlighted the strong levels of engagement and likeminded thinking amongst the Constituent Authorities.

The WPP has committed to hosting at least one quarterly training session and these have already proved to be a great way to further developed the expertise within the WPP and also to increase the means of engagement with the WPP’s stakeholders.

On an Annual basis the WPP will publish an annual training plan to support its overarching Training Policy. The WPP Annual Training Plan will outline the training topics which the WPP will provide training on during the next twelve months. The full WPP Training Policy can be found in [Appendix J](#), meanwhile the Annual WPP Training Plans can be found on the [website](#).

Practices & Protocols

The WPP recognises that its formal policies will be unable to cover all of its endeavours and day to day activity. However, the WPP still believes in the benefits of codifying the mechanisms and procedures that it has adopted informally in the form of WPP Practices & Protocols. The WPP has therefore put in place a list of Practices & Protocols with the objective of ensuring:



The full list of WPP Practices & Protocols are listed below and further details of all of these can be found on the subsequent pages:



Engagement Protocols

The WPP has set itself the objectives of putting in place engagement protocols that;

- Foster effective relationships and lines of communication between WPP personnel, providers and stakeholders.
- Allow for effective debate, evaluation and discussion between WPP personnel, providers and stakeholders
- Ensure that the WPP’s objectives and business plan is reflective and pays due consideration of the strategies and plans of the Constituent Authorities.
- Enable all WPP personnel & stakeholders to contribute and support the WPP in achieving its objectives
- Suitably informs and updates all relevant stakeholders on the WPP’s activities, key messages and progress towards its objectives

JGC meeting papers will also be made publicly available. Local Pension Board engagement days will be held regularly as a means of fostering stakeholder engagement. During the year, we formalised our engagement protocols which will ensure 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	Every 2/3 Months
Bi-Weekly Meetings	Every 2 Weeks
Annual Shareholder Day	Annual
Pension Fund Committees	Annual
Manager Engagement Days	Annual
Member Communications	Annual
Pension Board Engagement	Every 6 Months
Engagement via the website & LinkedIn	Continuous
Constituent Authority Annual Requirements & Ambitions Questionnaire	Annual

The WPP has always sought the highest possible levels of engagement with its stakeholders and that is why, alongside our communication strategy, we will continue to develop and improve our levels of engagement with our internal, as well as external, stakeholders.

Transparency

The WPP believes in being open and transparent as such the WPP will ensure that the meetings of the Joint Governance Committee are accessible to the public via a live webcast stream, all non-exempt meeting papers will also be made publicly available. Additionally, the WPP has attributed a large amount of time and resources to formulate and publishing the following documents and publication to the public. All these documents and publications have been created to provide transparency on what the WPP is up to and how it operates. We hope that by reading these document and publications our stakeholder and the wider audience will have full transparency on the WPP's activity and progress:

WPP Business Plan

WPP Governance Manual

WPP Annual Report

All WPP Policies

WPP Annual Update

WPP Annual Training Plan

WPP Responsible Investment Progress Report (Due in 2021)

WPP Performance Reports

Cyber Security/ Data Security

The WPP is very aware of the threat posed by cyber security breach and the importance of data security. As noted previously, Carmarthenshire County Council act as Host Authority for the WPP, therefore the WPP has adopted Carmarthenshire County Council's:

- Data Protection Policy and;
- Handling Personal Information Policy

There two policies cover how the Host Authority ensures that data is suitably protected, and that personal information is handled in a way that safeguards data from being lost, stolen, disclosed inappropriately or otherwise misused. In particular, the policies cover the following areas:

- Responsibilities
- Use of portable devices or removable media
- Secure storage of personal information
- Taking personal information out of the office
- Transferring personal information securely
- Retention of personal information
- Breaches of security
- Ensuring equality of treatment

It's worth noting that the WPP retain and process very limited amounts of Personal Data, the Constituent Authorities retain responsibility for individual member data for their respective LGPS Pension Funds. If you are interested in finding out more about these policies, you can find them on the [Carmarthenshire County Council Website](#).

Document Storage & Labelling

The WPP believes that it is important to effectively store and label all relevant WPP paperwork and documentation – as this will reduce the likely of any inefficiencies within the WPP’s governance structure and will help maximise the WPP’s overall efficiency. The WPP has therefore developed a best practice Document Storage & Labelling practice which all WPP Personnel and advisors are encouraged to adhere to, it covers:



The WPP will make use of the following document storage methods to ensure that documents can be easily and quickly located when required by WPP Personnel, Stakeholders and Providers:

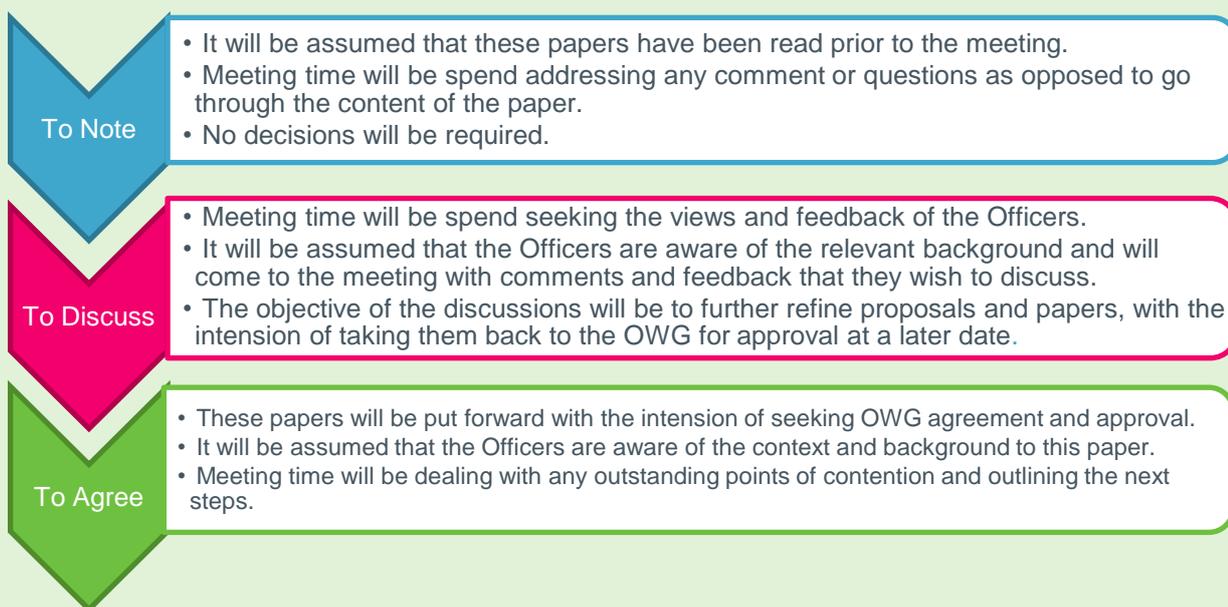
- **Democratic Services** – will ensure that all public papers from the WPP’s JGC will be uploaded and made available on its website
- **WPP Website** – The Host Authority will use the WPP’s website as means of storing and sharing public documents – this will for example include the WPP Progress Update, Business Plan or Policies
- **FocalPoint** – Is a secure online document storage facility which the WPP uses for internal and confidential papers. WPP Personnel, and Providers where appropriate, are granted login details to this facility and are able to use it to access all WPP documents remotely via an internet connection
- **Host Authority** – The Host Authority will also locally store all relevant WPP documents and paperwork to ensure that documentation can be sourced if any on the other three methods outlined above are subject to disruption

Decision Making & Reflection

The WPP is fully aware of the impact that its decisions can have on outcomes for WPP stakeholders. The WPP has sought to develop an efficient and effective decision making procedure which allows for well-informed debate and challenge as well clear and decisive decisions, The WPP has adopted a holistic approach to its decision making procedure – in which the point of decision is not the final stage but is instead that starting point for the WPP’s reflection process. The illustration below represents the WPP’s decision making and reflection process:



The initial stage of this process is focused on the actual decision making. Effective decision-making results from a combination of sufficient challenge and evaluation, expert advice, a deep knowledge base and numerous checks and balances. The WPP recognises the importance of time in the decision-making process, it is vital that WPP Personnel and Provider are given sufficient time to debate, evaluate and challenge. The WPP has therefore introduced a mechanism for ensuring that meeting time is spent in the most effective way. All WPP advise papers make use of the classification mechanism outlined below. The objective of this mechanism is to guarantee that WPP Personnel know from the outset of the paper what is required of them.



The WPP also notes that in some circumstances it can be important to document decisions made in a concise and clear way – this is especially true if the decision relates to a contentious or particularly important matter. In these instances, the WPP will make use of its ‘Documenting Decision Making’ procedure.

The documentation of decision is the first step in the WPP’s ‘Lessons to be learnt’ procedure. The WPP is committed to being an institution that is always learning and evolving. It is important that the WPP reviews its decisions, tries to learn lessons from them and then filters the lessons learnt back into its future endeavours and decisions. To help embedded this process into its governance framework the WPP has formulated the following five steps ‘Lessons to be learnt’ procedure:



Introduction Checklist

The WPP is aware that during the course of its existence there will be turnover of both Providers and Personnel as such it is important to have measures in place to help any new Personnel or Providers build up their knowledge base on what the WPP does and how it operates. Upon commencing their new WPP role Personnel or Provider, where appropriate, will be asked to progress through the WPP Introduction Checklist.

We also note that the WPP Training Policy and Plan are also invaluable in ensure that any new WPP Personnel have the required knowledge and skill base that they require.

Contact Details

If you require further information about anything in or related to this business plan, please contact the Wales Pension Partnership:

Postal Address - Wales Pension Partnership

Carmarthenshire County Council

Treasury & Pension Investments Section

County Hall

Carmarthen

SA31 1JP

E-mail - WalesPensionPartnership@carmarthenshire.gov.uk

Telephone - (01267) 224136

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

The website can be found here:

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



Appendix A – Inter Authority Agreement

Dated _____ 2017

Inter-Authority Agreement between

Carmarthenshire County Council	(1)
City & County of Swansea Council	(2)
City of Cardiff Council	(3)
Flintshire County Council	(4)
Gwynedd Council	(5)
Powys County Council	(6)
Rhondda Cynon Taff County Borough Council	(7)
Torfaen County Borough Council	(8)

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THIS DEED is made on
BY

2017

- (1) **CARMARTHENSHIRE COUNTY COUNCIL** of County Hall, Carmarthen, Carmarthenshire, SA31 1JP ("**Carmarthenshire Council**")
- (2) **CITY & COUNTY OF SWANSEA COUNCIL** of The Guildhall, Swansea, SA1 4PE ("**Swansea Council**")
- (3) **THE COUNTY COUNCIL OF THE CITY AND COUNTY OF CARDIFF** of County Hall, Atlantic Wharf, Cardiff, CF10 4UW ("**Cardiff Council**")
- (4) **FLINTSHIRE COUNTY COUNCIL** of Flintshire County Council, County Hall, Mold, Flintshire, CH7 6NA ("**Flintshire Council**")
- (5) **GWYNEDD COUNCIL** of Shirehall Street, Caernarfon, Gwynedd LL55 1SH ("**Gwynedd Council**")
- (6) **POWYS COUNTY COUNCIL** of County Hall, Llandrindod Wells, Powys, LD1 5LG ("**Powys Council**")
- (7) **RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL** of Rhondda Cynon Taf County Borough Council, The Pavilions, Clydach Vale, Tonypany, CF40 2XX ("**Rhondda Council**")
- (8) **TORFAEN COUNTY BOROUGH COUNCIL** of Civic Centre Pontypool Torfaen NP46YB ("**Torfaen Council**")

(together referred to as the "**Constituent Authorities**" and individually as a "**Constituent Authority**")

BACKGROUND

- (A) The Constituent Authorities are committed to the development of a formal joint committee pursuant to section 101 and section 102 of the Local Government Act 1972 to ensure the effective operation of the arrangements for asset pooling within the LGPS under a framework of strong internal governance to achieve economies of scale and improved investment infrastructure.
- (B) The Constituent Authorities are all councils responsible for the administration of local government within their areas as set out in the Local Government Act 1972. The Department for Communities and Local Government in its letter dated 23 November 2016 has confirmed that the Constituent Authorities have been granted permission for each Constituent Authority to continue to collaborate with every other Constituent Authority to form a pool of assets in respect of each of their respective funds under the LGPS.
- (C) The Constituent Authorities shall carry on the Pooling Collaboration (as defined below) under the terms of this Agreement to oversee its governance.

AGREED TERMS

1 INTERPRETATION

- 1.1 The following definitions and rules of interpretation apply in this Agreement.

Business Day means a day other than a Saturday, a Sunday or a public holiday in England when banks in London are open for business.

Business Plan has the meaning given by clause 6.

CIPFA Guidance means the guidance published in October 2016 by the Chartered Institute of Public Finance and Accountancy entitled *investment pooling governance principles for LGPS Administering Authorities*.

Commencement Date means 2017.

Constituent Authorities means the parties to this Agreement, and all other administering authorities within the LGPS who are or become parties to this Agreement at any time.

Financial Year means in the case of the first Financial Year, the period from the Commencement Date to (and including) the following 31 March. For subsequent Financial Years the period between 1 April and 31 March (inclusive) and for the last Financial Year any lesser period necessary.

Host Council means the Constituent Authority appointed in accordance with clause 7 and whose duties are described within that clause.

Investment Pool means the pooled investments (whether held in single funds, multiple sub-funds or held in alternative structures outside of a collective investment vehicle) derived from assets held by the Constituent Authorities in their capacity as administering authorities within the LGPS for the purpose of the Pooling Collaboration described by this Agreement.

Investment Regulations means the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2016/946).

Joint Governance Committee means the joint committee formed by this Agreement.

LGPS the Local Government Pension Scheme established pursuant to regulations made by the Secretary of State in exercise of powers under section 7 and 12 of the Superannuation Act 1972 and the provisions of the PSPA 2013.

Member in this Agreement means a member of the Joint Governance Committee appointed in accordance with clause 3.3 or their deputy appointed in accordance with clause 3.4.

Monitoring Officer means the person designated by each Constituent Authority for the purposes of section 5 of the Local Government and Housing Act 1989.

Operator means the operator of the pooled investment vehicles principally being an Authorised Contractual Scheme or “ACS” (as defined by the Operator Contract) and any other collective investment vehicle used to hold assets of the Investment Pool pursuant to the Operator Contract.

Operator Contract means the agreement between the Constituent Authorities and the Operator.

OWG means the Officers Working Group described in clause 4.

Pension Board means a local pension board or a joint local pension board within the meaning given to each phrase by regulation 106 of the Local Government Pension Scheme Regulations 2013 (SI 2013/2356) and section 5 of the PSPA 2013.

Pooling Collaboration means the arrangements for asset pooling under the Investment Pool within a framework of strong internal governance to achieve economies of scale and improved investment in infrastructure carried on by the Constituent Authorities as described by this Agreement.

Pooling Contribution means as defined in clause 10.1.

PSPA 2013 means the Public Service Pensions Act 2013.

S151 officer means the person appointed by each Constituent Authority for the purposes of section 151 of the Local Government Act 1972.

Secretary of State means the Department for Communities and Local Government or such replacement department which has responsibility for the LGPS.

Submission means the document created by the Constituent Authorities dated 15 July 2016 entitled "*Submission by the Wales Pool to the Department for Communities and Local Government (DCLG) In response to the publication in November 2015: LGPS: Investment Reform Criteria and Guidance*".

Terms of Reference means the governing framework document concerning the functions and operations of the Joint Governance Committee as set out in Schedule 4.

TUPE means the Transfer of Undertakings (Protection of Employment) Regulations 2006.

- 1.2 Clause, schedule and paragraph headings shall not affect the interpretation of this agreement.
- 1.3 A **person** includes a natural person, corporate or unincorporated body (whether or not having a separate legal personality).
- 1.4 The schedules form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the schedules.
- 1.5 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.6 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.
- 1.7 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.8 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and includes any subordinate legislation made from time to time under it.
- 1.9 A reference to **writing** or **written** includes faxes and email.
- 1.10 Documents in **agreed form** are documents in the form agreed by the parties and initialled by them or on their behalf for identification.
- 1.11 References to clauses and schedules are to the clauses and schedules of this Agreement; references to paragraphs are to paragraphs of the relevant schedule.
- 1.12 Any words following the terms **include, including, in particular** or **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding them.
- 1.13 Any obligation in this agreement on a person not to do something includes an obligation not to agree or allow that thing to be done.
- 1.14 Any reference to the title of an officer or any of the Constituent Authorities shall include any person holding such office from time to time by the same or any title substituted thereafter or such other officer of the relevant Constituent Authority as that Constituent Authority may from time to time appoint to carry out the duties of the officer referred to.

2 COMMENCEMENT AND CESSATION OF THE MEMORANDUM OF UNDERSTANDING

- 2.1 The Agreement shall commence on the Commencement Date. For the avoidance of doubt, this Agreement is only effective when each Constituent Authority has executed it

and each Constituent Authority shall be of equal status with equal rights except where expressly stated otherwise and shall continue on the terms of this Agreement until the earlier of the following:

- (a) all Constituent Authorities agree in writing to its termination; or
- (b) there is only one remaining Constituent Authority who has not exited this Agreement in accordance with clauses 21 or 22.

2.2 The Constituent Authorities confirm that the memorandum of understanding between them relating to *The procurement of services by the administering authorities of the local government pension scheme in Wales* shall cease to have effect from the Commencement Date.

3 FORMATION OF THE JOINT GOVERNANCE COMMITTEE

3.1 The Constituent Authorities by this Agreement hereby form the Joint Governance Committee pursuant to section 101(5) and 102(1) of the Local Government Act 1972 for the purposes of overseeing and reporting on the performance of the Investment Pool. The Joint Governance Committee shall not be responsible for formulating or revising the investment strategy described by regulation 7 of the Investment Regulations in respect of each or any of the Constituent Authorities.

3.2 Meetings of the Joint Governance Committee are subject to the provisions of the Local Government Act 1972 including the provisions on access to information and meetings held in public.

3.3 The membership of the Joint Governance Committee shall be one elected member nominated by each of the Constituent Authorities provided that the elected member is a member of that Constituent Authority and that Constituent Authority's pensions committee (or equivalent body) for the purposes of the Local Government Pension Scheme Regulations 2013.

3.4 For the purposes of clause 3.3, each Constituent Authority may appoint a named deputy who must be an elected member of the same Constituent Authority and the same Constituent Authority's pension committee (or equivalent body) for the purposes of the Local Government Pension Scheme Regulations 2013 as the Member for whom they are acting as deputy

3.5 The Joint Governance Committee shall undertake its role and act in accordance with the Terms of Reference set out in Schedule 4 and undertake the matters set out in Schedule 3 and shall seek and have regard to the advice of the OWG and any professional advisors appointed in carrying out its functions under this Agreement.

3.6 Every meeting shall be governed by the procedure and requirements set out in Schedule 6.

3.7 A programme of training will be provided to Members and their deputies having regard to CIPFA Guidance and the training provided to Members in their roles on their respective Constituent Authority pension committees. In order to be eligible to participate in the Joint Governance Committee Members are required to attend and complete this training within 9 months of being appointed to the Joint Governance Committee and must thereafter attend update and refresher sessions provided at intervals deemed appropriate by the Joint Governance Committee. Any failure to undertake the required training shall be a matter for consideration of the relevant Member's Constituent Authority.

4 OFFICERS WORKING GROUP

4.1 The Joint Governance Committee shall appoint the OWG on the following terms:

- (a) **Purpose:** the OWG shall support and advise the Joint Governance Committee on such matters as the Joint Governance Committee may reasonably request or

any matters relating to the Pooling Collaboration which are raised by any Constituent Authority's Section 151 Officer or Monitoring Officer;

- (b) **Membership:** each Constituent Authority shall nominate up to two officers employed by that Constituent Authority as its representatives on the OWG;
 - (c) **Remit:** the remit of the OWG shall be as set out in Schedule 8;
- 4.2 The OWG shall undertake its role and have regard to the Joint Governance Committee Terms of Reference.
- 4.3 Each Constituent Authority's Section 151 Officer and Monitoring Officer (or in their absence their deputies) shall, where they are not members of the OWG, have the right to attend meetings of the OWG and receive copies of any papers.

5 DECISION MAKING

- 5.1 The Constituent Authorities have identified the following two categories of decisions together with the means by which they will be taken:
- (a) **"Joint Governance Committee Matter":** means a matter, identified in Schedule 3 which is to be decided upon at a quorate meeting of the Joint Governance Committee by those present and entitled to vote and any such decision will be binding on all of the Constituent Authorities;
 - (b) **"Matters Reserved to the Constituent Authorities":** means a matter identified in Schedule 2, which will have to be referred to each Constituent Authority for decision (having regard to any recommendation to be made thereon by the Joint Governance Committee). Such matter requiring a decision shall not be dealt with by the Joint Governance Committee until the matter has been determined by all of the Constituent Authorities. If the Constituent Authorities fail to reach a unanimous decision in respect of such matter then the matter shall be referred under clause 36 (Alternative Dispute Resolution) as a dispute for resolution.

6 BUSINESS PLAN

- 6.1 The Joint Governance Committee shall, with the support of the OWG, produce a draft Business Plan to cover the medium term (being up to five years) having regard to the electoral cycle and the operational requirements of the Constituent Authorities for consultation with the Constituent Authorities. The draft Business Plan shall have regard to:
- (a) the strategic objectives of the Pooling Collaboration over the relevant Business Plan period;
 - (b) the financial budget for the relevant Business Plan period and/or any annual budget set;
 - (c) the delivery plan produced by the Operator in connection with the Investment Pool including any costs or fees proposed by the Operator or any other supplier;
 - (d) the requirements on each of the Constituent Authorities in their individual capacity as an administering authority pursuant to the Investment Regulations;
 - (e) the requirements of each Constituent Authority's investment strategy;
 - (f) the advice of appropriately qualified and authorised and regulated professional advisors;
 - (g) the guidance issued from time to time by the Secretary of State as referred to in regulation 7(1) of the Investment Regulations;

- (h) such other matters that the Constituent Authorities may consider necessary to the furtherance of the Pooling Collaboration including (subject to clause 10.2), the proposal and development of ad hoc projects.
- 6.2 Consultation on the draft Business Plan shall be carried out by the OWG (with the Operator (where appropriate) and the Constituent Authorities and such other parties as it may deem necessary) who shall report on the outcome of that consultation. The Joint Governance Committee shall hold a meeting to discuss and, having had due regard to the consultation response report and the advice of the appropriately qualified and regulated professional advisors, agree a final Business Plan which may include such revisions to the draft as the Joint Governance Committee considers appropriate.
- 6.3 Following approval by the Joint Governance Committee the Business Plan shall be sent to all Constituent Authorities for their written approval.
- 6.4 The Business Plan will be reviewed by the Joint Governance Committee and the Constituent Authorities annually. Where any revisions are agreed by the Joint Governance Committee the revised Business Plan shall be sent to all Constituent Authorities for their written approval.
- 6.5 For the avoidance of doubt, final approval of the Business Plan shall be treated as a Matter Reserved to the Constituent Authorities (as defined in clause 5).

7 HOST COUNCIL

- 7.1 The Constituent Authorities (acting severally) have agreed, with effect from the Commencement Date, that Carmarthenshire County Council will be the Host Council for the Pooling Collaboration which shall be carried out for and on behalf of itself and the Constituent Authorities and Carmarthenshire County Council agrees to act in that capacity subject to and in accordance with and to the extent provided for by the terms of this Agreement. For the avoidance of doubt the role of Host Council includes:-
- (a) to act as the employing authority for any staff engaged in the discharge of the Pooling Collaboration's functions (appointing, employing or accepting the secondment of staff) in accordance with this Agreement;
 - (b) being the point of contact for the purposes of managing the Pooling Collaboration;
 - (c) providing such administrative resources and facilities that may be necessary for the purpose of discharging the Pooling Collaboration and hold all Pooling Contributions;
 - (d) providing such governance and administrative services that may be necessary for the purpose of supporting the Pooling Collaboration including arranging and clerking of meetings;
 - (e) providing training for Members to support their role on the Joint Governance Committee in line with the training plan and in accordance with clause 3.7.
 - (f) provide appropriately qualified and experienced officers who will act as the primary legal and financial advisers to the Pooling Collaboration;
 - (g) for the purposes of the Pooling Collaboration require their Section 151 Officer and Monitoring Officer (or in their absence their deputies) to undertake oversight and review of the operation of the Pooling Collaboration and decisions of the Joint Governance Committee on behalf of all of the Constituent Authorities;
 - (h) power to enter into contracts for supplies and services as required for the purposes of the Pooling Collaboration (save for entry into the Operator Contract which is governed by other provisions of this Agreement);

- (i) liaise with the Operator on behalf of the Constituent Authorities pursuant to the terms of the Operator Contract and in the manner and to the extent set out in the Contract Management, Co-ordination and Liaison with the Operator policy and procedure to be approved in accordance with Schedule 5 and to provide any contract management and co-ordination services for the purposes of the Pooling Collaboration set out in that policy and procedure.
- 7.2 For the avoidance of doubt the duties and responsibilities of the Host Council pursuant to this Agreement shall only bind the Host Council to the extent that they have been resourced by the Constituent Authorities through this Agreement.
- 7.3 Save and except where otherwise required by law all staff employed by the Host Council pursuant to this Agreement shall be employed on the Host Council's relevant terms and conditions of employment and related staff policies including salary structures.
- 7.4 A replacement Host Council may be appointed by a majority decision of the Constituent Authorities provided that the replacement Host Council agrees.
- 7.5 If the Host Council withdraws from the Pooling Collaboration pursuant to clause 21 (Voluntary Exit) or clause 22 (Compulsory Exit) then a replacement Host Council will be appointed by a majority decision of the Constituent Authorities provided that the replacement Host Council agrees. The withdrawing Host Council will not have the right to vote in regard to any such appointment.
- 7.6 Where a replacement Host Council is appointed pursuant to Clause 7.4 or 7.5 above, any reference to Carmarthenshire County Council (in its capacity as the initial Host Council) shall be read with reference to the replacement Host Council from the effective date of the replacement.
- 7.7 Where TUPE applies in connection with the appointment of any replacement Host Council, then the Constituent Authorities shall comply with the provisions of Schedule 7.
- 7.8 For the duration of this Agreement, the Host Council shall act diligently and in good faith in all its dealings with the other Constituent Authorities.
- 7.9 For the duration of this Agreement, the Constituent Authorities shall act diligently and in good faith in all their dealings with the Host Council and shall use their reasonable endeavours to assist the Host Council to support the Pooling Collaboration.

8 OPERATOR CONTRACT

- 8.1 Each Constituent Authority shall promptly execute the Operator Contract in counterpart and return the executed counterpart to the Host Council as soon as reasonably practicable following execution. The Host Council shall as soon as reasonably practicable confirm that the Operator Contract has been duly executed by all Constituent Authorities and is in force and effect.
- 8.2 The Constituent Authorities authorise the Host Council to exercise their rights, duties and obligations pursuant to clause 7.1(i).
- 8.3 For the avoidance of doubt, any allocation of liability arising under the Operator Contract shall be apportioned between the Constituent Authorities pursuant to the terms of the Operator Contract and/or clause 10 (as appropriate).

9 LIABILITIES AND INDEMNITIES FOR THE HOST COUNCIL

- 9.1 Nothing in this Agreement will make the Host Council liable in respect of anything done or omitted to be done by a Constituent Authority up to the Commencement Date.
- 9.2 The Host Council shall be indemnified from and against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential loss, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a

full indemnity basis) and all other reasonable costs and expenses) arising from the performance of its functions authorised pursuant to clause 7 save in the case of its wilful default or fraud.

10 COMMITMENT OF THE CONSTITUENT AUTHORITIES AND CONTRIBUTIONS

- 10.1 Subject to clause 10.2, the Constituent Authorities agree to pay the contributions, which shall be calculated equally, of the estimated governance, procurement and administration costs included within the Business Plan or additional expenditure later required as part of any revised estimated governance, procurement and administration costs contemplated by the Business Plan (the "**Pooling Contributions**") except where the Business Plan provides otherwise.
- 10.2 The Constituent Authorities shall meet the costs of ad hoc projects to which they are a party equally between the Constituent Authorities who are parties only and any non-participating Constituent Authorities shall not be liable for any proportion of such costs.
- 10.3 The Constituent Authorities agree to pay the Pooling Contributions to the Host Council on such dates, and at such frequency, as is determined by the Business Plan. Any costs incurred prior to the approval of the Business Plan shall be payable on being invoiced by the Host Council.
- 10.4 All Pooling Contributions shall be made by way of payment to the bank account notified to the Constituent Authorities by the Host Council for the purposes of the Pooling Collaboration. The Host Council shall maintain a separate account or accounts as appropriate for all monies received or expended in connection with the Pooling Collaboration in a manner which complies with their accounting arrangements.
- 10.5 Following the termination of this Agreement, once the costs of the Host Council have been met, the sum standing to the credit of the account or accounts in which Pooling Collaboration funds are held shall be returned to the then remaining Constituent Authorities in the proportions in which they were originally contributed.
- 10.6 Following the termination of this Agreement, where any further contribution is required, or repayments are to be made, the Constituent Authorities shall decide the following:
- (a) the total amount;
 - (b) the apportionment of such contribution or repayment between the Constituent Authorities; and
 - (c) the form of such contribution or repayment.

In the absence of any agreement to the contrary, such contributions or repayments shall be by or to all of the Constituent Authorities equally.

- 10.7 For the avoidance of doubt, any charges incurred in respect of investment management of the Investment Pool shall be attributed to each Constituent Authority by reference to the assets under management for that Constituent Authority and the investment management charges applicable to each sub-fund (or assets held in any alternative investment structure), are not determined by this Agreement. The liability of each Constituent Authority to meet the fees of the Operator shall be determined by the Operator Contract and not this Agreement.

11 ACCOUNTS

- 11.1 The Host Council shall keep proper books of account (which expression shall include any computerised accounting system for the time being used by the Pooling Collaboration) and shall be responsible for ensuring that full and proper entries of all receipts and payments are promptly recorded in them. The books of account shall be kept at the premises of the Host Council and be made available for inspection by all of the Constituent Authorities (who may also take copies). The Host Council shall make

available on reasonable request such information as is required by any Constituent Authority to prepare their own accounts or respond to any internal or external audit.

- 11.2 The Host Council shall ensure that the contributions and payments made by each Constituent Authority shall be held in an account in the name of the Host Council which does not breach regulation 6 of the Investment Regulations.
- 11.3 The Host Council shall prepare annual accounts in relation to each Financial Year for the Pooling Collaboration in accordance with the appropriate code of practice on accounting and the regulations which relate to accounting and audit as applicable to local authorities by no later than 31 May in the following Financial Year.
- 11.4 The Host Council shall be responsible for ensuring that the accounts relating to the Pooling Collaboration are audited where and when required by law or other competent authority and shall make copies of the audited accounts available to all of the Constituent Authorities
- 11.5 The Joint Governance Committee may hold a reserve of funds for the purposes of meeting the costs of the Pooling Collaboration. Where the reserve exceeds 40% of the budget for the forthcoming year **then the amount by which the reserve exceeds that sum may be repaid to the Constituent Authorities and such repayment shall be in proportion to the total amount contributed by each unless the Joint Governance Committee decides to the contrary.**

12 INVESTMENT MANAGEMENT COSTS

- 12.1 **In accordance with clause 10.7, each Constituent Authority shall bear its own costs in respect of investment management they incur or expect to incur in the Pooling Collaboration which shall include all transition costs for the investment and disinvestment of assets.**

13 INTELLECTUAL PROPERTY

- 13.1 Any intellectual property developed by any Constituent Authority for the purposes of the Pooling Collaboration shall be retained by the Constituent Authorities and each Constituent Authority will grant all of the other Constituent Authorities a non-exclusive, perpetual, non-transferable and royalty free licence to use, modify amend and develop it for the purpose of the Pooling Collaboration whether or not the Constituent Authority granting the licence remains a party to this Agreement. All costs and expenses relating to such intellectual property shall be borne by the Constituent Authorities and the other Constituent Authorities shall indemnify the Constituent Authority or Constituent Authorities in whom such property is vested against all liabilities that may arise directly or indirectly in respect of the use of it.

14 REPORTS

- 14.1 **The Joint Governance Committee shall oversee the Pooling Collaboration and ensure that it is provided in accordance with the Business Plan.**
- 14.2 **To ensure that the Constituent Authorities are kept up-to-date with the performance of the Pooling Collaboration, the Joint Governance Committee shall report quarterly and annually to the Constituent Authorities with progress measured against the Business Plan and the objectives of the Investment Pool.**

15 INSURANCE

- 15.1 Where the operation of the Pooling Collaboration is not covered by any existing insurance of the Constituent Authorities, the Host Council shall effect and at all times keep in force (for the benefit of the Members of the Joint Governance Committee and the officers appointed to the OWG) such policies of insurance for such amounts as it shall decide. Such policies shall be maintained at the expense of the Constituent Authorities and shall be an administration cost of this Pooling Collaboration for the purposes of clause 10.1.

16 DUTIES AND POWER

Each Constituent Authority shall at all times:

- (a) use its reasonable skills and endeavours to promote and carry on the Pooling Collaboration for the benefit of the Constituent Authorities, and conduct itself in a proper and responsible manner;
- (b) devote such time and attention as the Constituent Authorities may decide in writing to be necessary and appropriate to the Pooling Collaboration;
- (c) comply with all legislation, regulations, professional standards and other provisions as may govern the conduct of the Pooling Collaboration, or be determined by the Constituent Authorities as standards to be voluntarily applied to the Pooling Collaboration;
- (d) show the utmost good faith to the other Constituent Authorities in all transactions relating to the Pooling Collaboration and give them a true account of, and full information about, all things affecting the Pooling Collaboration;
- (e) inform the Constituent Authorities without delay on becoming party to any legal proceedings in connection with the Pooling Collaboration;
- (f) punctually pay and discharge its present and future debts and financial obligations;
- (g) shall not do or fail to do anything which shall bring any of the other Constituent Authorities, or itself, into disrepute;
- (h) obtain all necessary consents sufficient to carry on their duties to the Pooling Collaboration.

16.2 No action which would otherwise be a breach of this clause shall constitute a breach where the Constituent Authority was required to carry out that action in compliance with a statutory duty or order of any court, tribunal or ombudsman.

17 DELEGATION

17.1 Prior to the commencement of the Pooling Collaboration the Constituent Authorities shall put in place such authorisations as are required within their internal governance arrangements to:

- (a) delegate the making of the decisions set out in Schedule 3 (Joint Governance Committee Matters) to the Joint Governance Committee;
- (b) delegate any other matter which is required to comply with the obligations of this Pooling Collaboration, including delegations to its own officers and to the Host Council where required.

17.2 The Constituent Authorities shall review and where necessary amend their delegations throughout the duration of the Pooling Collaboration to ensure that they can comply with the provisions of this Agreement.

17.3 The Joint Governance Committee may appoint contractors or agents to undertake tasks, advise on or support the implementation of its functions.

18 OBLIGATIONS ON CONSTITUENT AUTHORITIES

18.1 Without prejudice to the terms of this Agreement, the Constituent Authorities, on an individual basis, commit to the implementation of the Pooling Collaboration consistently with the Submission (subject to any variation agreed by the Constituent Authorities) and to use their reasonable endeavours to ensure the success of the Pooling Collaboration.

18.2 Nothing in this Agreement shall fetter the discretion of each Constituent Authority to formulate and revise an investment strategy appropriate for their fund within the LGPS pursuant to regulation 7 of the Investment Regulations.

18.3 It is acknowledged and agreed that the obligations and liabilities of each Constituent Authority shall bind any successor authority in the event of any local government re-organisation.

19 INDEMNITY

19.1 Subject to clause 8.3, any Constituent Authority who is in material breach of any of the provisions of this Agreement shall indemnify the other Constituent Authorities from and against all liabilities, costs, expenses, damages and losses, (including but not limited to any direct, indirect or consequential loss, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable costs and expenses) resulting from that breach, without prejudice to any other right or remedy of the other Constituent Authorities howsoever arising.

20 POLICIES AND PROCEDURES

20.1 The Joint Governance Committee shall prepare, maintain and adhere to the policies and procedures which are listed in Schedule 5 and any further policies and procedures which the Joint Governance Committee decides are appropriate, in accordance with applicable law and regulation, competent authority, and CIPFA Guidance, and having had regard to applicable guidance specific to local government management of funds or accounting and auditing requirements. The Joint Governance Committee shall provide them to the Constituent Authorities and OWG and provide them to sub-delegates and other necessary parties with the aim of achieving uniformity and efficiency in operating practices.

20.2 Where any policy or procedure provided for under this Agreement requires the Constituent Authorities to address or copy any communication or similar to any contract management or co-ordination function the Joint Governance Committee will advise the Constituent Authorities of that requirement in writing. As of the date of receipt of an advisory under this clause the Constituent Authorities shall address or copy any communication as advised.

21 VOLUNTARY EXIT

21.1 Any Constituent Authority (the "**VE Authority**") may exit from the Pooling Collaboration by giving not less than 18 (eighteen) months' written notice to the Host Council of its intention to exit the Pooling Collaboration and the date of expiration of that notice is the 31 March which next falls after or is coincident with the end of the 18 (eighteen) month notice period provided that the Constituent Authorities may agree with the VE Authority that a different notice period applies (the "**Exit Date**").

21.2 A VE Authority may exit the Pooling Collaboration and be released from its obligations under this Agreement (other than clause 23) provided that:

- (a) it has satisfied all of its obligations up to the Exit Date;
- (b) it has satisfied its share of the costs and expenses up to the Exit Date, as well as any necessary costs and expenses to facilitate the exit whether or not incurred after the Exit Date;
- (c) subject to clause 21.5 below, it redeems all of its investments from the Investment Pool;
- (d) its representatives on the Joint Governance Committee and the OWG resign on or before the Exit Date.

- 21.3 With effect from the date of the notice given by the VE Authority pursuant to clause 21.1 the Member (and any nominated deputy for the purposes of clause 3.4) nominated by the VE Authority for the purposes of clause 3.3 shall cease to have any voting rights for the purposes of the Joint Governance Committee and the VE Authority shall cease to be a Constituent Authority.
- 21.4 For the avoidance of doubt, the VE Authority shall remain liable to make the Pooling Contributions which are due prior to the Exit Date.
- 21.5 The Constituent Authorities recognise that there may be circumstances where the VE Authority may not be able to redeem all of its assets from the Investment Pool due to the nature of a particular investment (for example where an investment is illiquid or redeeming the asset would be in breach of contract) (the "**Retained Asset(s)**") provided that the Constituent Authorities and the VE Authority shall work together in good faith to redeem the Retained Asset(s) as soon as reasonably practicable. In such circumstances the VE Authority shall continue to make Pooling Contributions after the Exit Date until all of the Retained Asset(s) are redeemed from the Investment Pool. The Pooling Contributions shall be determined by the Business Plan which shall have regard to the relative value of the Retained Assets when compared to the assets applicable to the Constituent Authorities in the Investment Pool.

22 COMPULSORY EXIT

- 22.1 The Constituent Authorities (other than the CE Authority) may by majority decision compulsorily require any Constituent Authority (the "**CE Authority**") to leave the Pooling Collaboration, by the Host Council (or in the case of the Host Council being the CE Authority, any other Constituent Authority) giving the CE Authority written notice if the CE Authority:

- (a) commits any serious breach or persistent breaches of this Agreement;
- (b) fails to pay any money owing by it to the Host Council within 28 (twenty-eight) days of a written request for payment from the Host Council;
- (c) fails to account for, or pay over or refund any money received and belonging to the Constituent Authorities within 28 (twenty-eight) days after being so required by notice from the Host Council;
- (d) wilfully neglects, refuses or omits to perform its duties, obligations and responsibilities under this Agreement; or
- (e) is guilty of conduct which, in the reasonable opinion of the other Constituent Authorities, is likely to have a serious adverse effect on the Pooling Collaboration;

provided that in each case the CE Authority is first given 28 days following receipt of the written notice to remedy the breach or issue described in paragraphs (a) to (e) and the CE Authority has failed to remedy such breach or issue or to take reasonable steps to do so.

- 22.2 The effective date of the CE Authority being required to leave the Pooling Collaboration is the 31 March which next falls after or is coincident with the period of 18 (eighteen) month after the notice given in clause 22.1 above provided that the other Constituent Authorities may notify the CE Authority that a different notice period applies (the "**Compulsory Exit Date**").
- 22.3 The CE Authority shall exit the Pooling Collaboration from the Compulsory Exit Date and must prior to the Compulsory Exit Date:
- (a) have satisfied all of its obligations up to the Compulsory Exit Date;

- (b) have satisfied its share of the costs and expenses up to the Compulsory Exit Date, as well as any necessary costs and expenses to facilitate the exit whether or not incurred after the Compulsory Exit Date.
 - (c) subject to the same circumstances in clause 21.5, it redeems all of its investments from the Investment Pool;
 - (d) its representatives on the Joint Governance Committee and the OWG resign on or before the Compulsory Exit Date.
- 22.4 With effect from the date of the notice given by the Host Council to the CE Authority pursuant to clause 22.1 the Member (and any nominated deputy for the purposes of clause 3.4) nominated by the CE Authority for the purposes of clause 3.3 shall cease to have any voting rights for the purposes of the Joint Governance Committee and shall cease to be a Constituent Authority.
- 22.5 For the avoidance of doubt, the CE Authority shall remain liable to make the Pooling Contributions which are due prior to the Compulsory Exit Date and liable to the continuing liability provisions of clause 23.
- 22.6 The Constituent Authorities recognise that there may be circumstances where the CE Authority may not be able to redeem the Retained Asset(s) provided that the Constituent Authorities and the CE Authority shall work together in good faith to redeem the Retained Asset(s) as soon as reasonably practicable. In such circumstances the CE Authority shall continue to make Pooling Contributions after the Compulsory Exit Date until all of the Retained Asset(s) are redeemed from the Investment Pool. The Pooling Contributions shall be determined by the Business Plan which shall have regard to the relative value of the Retained Asset(s) when compared to the assets applicable to the Constituent Authorities in the Investment Pool.

23 FURTHER PROVISIONS RELATING TO A VE AUTHORITY OR A CE AUTHORITY

- 23.1 When any Constituent Authority ceases to be a Constituent Authority by virtue of being a VE Authority or a CE Authority, the continuing Constituent Authorities shall publish notice of the change in the Pooling Collaboration and shall give notice in writing of the change in the Pooling Collaboration to all third parties who have in the last 12 (twelve) months had any dealings with the Pooling Collaboration (as advised by the Host Council and whether as suppliers to the Host Council or as clients or customers of it).
- 23.2 The VE Authority or CE Authority (as applicable) irrevocably agree and undertake to execute and deliver within 5 working days of request all deeds and documents and to do all acts and things necessary to give effect to the terms of this Agreement and for vesting in the continuing Constituent Authorities the full benefit of the assets, rights and benefits to be transferred to the continuing Constituent Authorities under this Agreement.

Continuing liability

- 23.3 Where any Constituent Authority exits from this Agreement in accordance with Clause 21 or 22 they shall remain liable to the extent they would have been were they still party to this Agreement for any acts, omissions, costs and expenses arising from acts taken or decisions made during the period in which that Constituent Authority was a party to this Agreement.
- 23.4 Any Constituent Authority who enters this Agreement after the Commencement Date shall have liability for any acts, omissions, costs and expenses arising from acts taken or decisions made from the date of their entry only.

24 NEW CONSTITUENT AUTHORITY

- 24.1 The Constituent Authorities shall consider applications from other administering authorities of funds within the LGPS to join the Pooling Collaboration (a "**New Member Application**").

24.2 A New Member Application will be considered on the merits of its business case and the conditions which the Constituent Authorities consider appropriate from time to time.

24.3 A New Member Application will only be approved by the Constituent Authorities at their absolute discretion and, subject to regulation 8 of the Investment Regulations, there shall be no obligation under the terms of this Agreement for a New Member Application to be accepted.

25 CONFIDENTIALITY

25.1 For the purposes of this Agreement, **Confidential Information** means, any information which has been certified as exempt information in accordance with Section 100I of the Local Government Act 1972 and all confidential information (however recorded or preserved) disclosed by a Constituent Authority or its representatives or advisers to another Constituent Authority and his representatives or advisers (except where by law the information cannot be retained as confidential) concerning:

- (a) any information relating to the prospective business, technical processes, computer software or intellectual property rights of the Pooling Collaboration;
- (b) all documents, papers and property that may have been made or prepared by, or at the request of, any Constituent Authority and which are marked as being exempt information or confidential and which come into any Constituent Authority's possession or under its control in the course of the Pooling Collaboration; and
- (c) compilations of two or more items of such information and all information that has been, or may be, derived or obtained from any such information which, at any time, comes into any Constituent Authority's possession or under its control in the course of the Pooling Collaboration and which the Pooling Collaboration regards or could reasonably be expected to regard as confidential, whether or not such information is, in itself, confidential, marked as "confidential" or reduced to tangible form.

25.2 Save as provided otherwise in this agreement either expressly or by implication, each Constituent Authority undertakes that it shall not, at any time, disclose to any person any Confidential Information of the other Constituent Authorities and shall use its reasonable endeavours to keep all Confidential Information of the other Constituent Authorities confidential (whether it is marked as such or not) except as permitted by clause 25.3.

25.3 Each Constituent Authority may disclose the other Constituent Authority's Confidential Information:

- (a) to its representatives or advisers who need to know such information for the purposes of carrying out the Constituent Authority's obligations under or in connection with this Agreement. Each Constituent Authority shall ensure that its representatives or advisers to whom it discloses the other Constituent Authority's Confidential Information comply with this clause.
- (b) as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority including an ombudsman.

26 PENSIONS

26.1 The Constituent Authorities are scheduled employers in the LGPS. The employees employed by the Host Council in the Pooling Collaboration will be active members of the

LGPS from and including the Commencement Date or later date of commencement of employment subject to the Local Government Pension Scheme Regulations 2013.

27 FREEDOM OF INFORMATION

- 27.1 Each Constituent Authority acknowledges that the other Constituent Authorities and the Joint Governance Committee are subject to the requirements of the Freedom of Information Act 2000 ("**FoIA**") and each Constituent Authority shall where reasonable assist and co-operate with the other Constituent Authorities (at their own expense) to enable the other Constituent Authorities to comply with these information disclosure obligations.
- 27.2 Where a Constituent Authority receives a request for information under the FoIA in relation to information which it is holding on behalf of any of the other Constituent Authorities in relation to the Pooling Collaboration, it shall:
- (a) transfer the request for information to the other Constituent Authorities as soon as practicable after receipt and in any event within 2 (two) Business Days of receiving a request for information;
 - (b) provide the other Constituent Authorities with a copy of all information in its possession or power in the form that the Constituent Authorities reasonably require within 10 (ten) Business Days (or such longer period as the Constituent Authorities may specify) of the Constituent Authority requesting that information; and
 - (c) provide all necessary assistance as reasonably requested by the other Constituent Authorities to enable the Constituent Authority to respond to a request for information within the time for compliance set out in the FoIA.
- 27.3 Where a Constituent Authority receives a request for information under the FoIA which relates to this Agreement or the Pooling Collaboration it shall;
- (a) advise the person making the request that the information is held by another public authority being the Joint Governance Committee and that the request has been passed to that public authority to respond;
 - (b) transfer the request for information to the Host Council on behalf of the Joint Governance Committee as soon as practicable after receipt and in any event within 2 (two) Business Days of receiving a request for information;
 - (c) provide the Host Council with a copy of all information in its possession or power in the form that the Host Council reasonably require within 10 (ten) Business Days (or such longer period as the Constituent Authorities may specify) of the Constituent Authority requesting that information; and
 - (d) provide all necessary assistance as reasonably requested by the Host Council to enable the Host Council to respond to a request for information on behalf of the Joint Governance Committee within the time for compliance set out in the FoIA.
- 27.4 The Constituent Authorities or the Host Council shall be responsible for determining in their absolute discretion whether any information requested under the FoIA:
- (a) is exempt from disclosure under the FoIA;
 - (b) is to be disclosed in response to a request for information.
- 27.5 Each Constituent Authority acknowledges that the other Constituent Authorities and the Joint Governance Committee may be obliged under the FoIA to disclose information:
- (a) without consulting with the other Constituent Authorities where it has not been practicable to achieve such consultation; or

- (b) following consultation with the other Constituent Authorities and having taken their views into account.

28 DATA PROTECTION

- 28.1 The Constituent Authorities shall comply with the Data Protection Act 1998.

29 DISSOLUTION

- 29.1 No Constituent Authority shall be capable of dissolving the Pooling Collaboration unilaterally by means of a notice.
- 29.2 The Pooling Collaboration and this Agreement shall be terminated upon the unanimous agreement of all of the Constituent Authorities.
- 29.3 Each Constituent Authority shall act in good faith in the wind up of the Pooling Collaboration following the unanimous decision to dissolve as soon as reasonably practicable thereafter, and all costs and expenses shall be borne equally by the Constituent Authorities.

30 ENTIRE AGREEMENT

- 30.1 This Agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.
- 30.2 Each Constituent Authority acknowledges that, in entering into this Agreement it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this agreement.
- 30.3 Each Constituent Authority agrees that it shall have no claim for innocent or negligent misrepresentation (or negligent misstatement) based on any statement in this agreement.
- 30.4 Nothing in this clause shall limit or exclude any liability for fraud.

31 NOTICES

- 31.1 Any notice, demand or communication in connection with this Agreement will be in writing and may be delivered by hand, post, facsimile or email addressed to the recipient as set out in Schedule 1 or any other address notified to the other party in writing in accordance with this clause as an address to which notices, invoices and other documents may be sent. The notice, demand or communication will be deemed to have been duly served:
 - (a) if delivered by hand during business hours, at the time of delivery;
 - (b) if delivered by post, 48 hours after being posted (excluding Saturdays, Sundays and public holidays);
 - (c) if delivered by facsimile during business hours, at the time of transmission, provided that a confirming copy is sent by first class post to the other party within 24 hours after transmission; or
 - (d) if delivered by email or other electronic form of communication during business hours, at the time of transmission provided that a confirming copy is sent by first class post to the other party within 24 hours after transmission.
- 31.2 Where notice is served by hand, facsimile or email outside business hours, it will be deemed to have been served on the next business day.

32 CONTRACTS (THIRD PARTY RIGHTS)

- 32.1 **The Constituent Authorities as parties to this Agreement do not wish that any of its terms to be enforceable by virtue of the Contract (Rights of Third Parties) Act 1999 by any person not a party to this Agreement.**

33 SEVERANCE

- 33.1 If any provision or part-provision of this Agreement is or becomes invalid, illegal or unenforceable, it shall be modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision of part-provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.
- 33.2 If one Constituent Authority gives notice to the other Constituent Authorities of the possibility that any provision or part-provision of this Agreement is invalid, illegal or unenforceable, the Constituent Authorities shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the intended result of the original provision.

34 AMENDMENTS

- 34.1 No amendment to this Agreement shall be binding unless it is in writing and signed by a duly authorised representative of each of the Constituent Authorities and expressed to be for the purpose of such amendment.

35 GOVERNING LAW AND JURISDICTION

- 35.1 This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales as it applies in Wales.
- 35.2 Each party irrevocably agrees that the courts of England and Wales have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement, its subject matter or formation.

36 ALTERNATIVE DISPUTE RESOLUTION

- 36.1 The Constituent Authorities agree:
- (a) to pursue a positive approach towards dispute resolution with an objective of reaching a consensus without formal dispute resolution and/or legal proceedings and maintaining a strong working relationship between the Constituent Authorities;
 - (b) that any dispute between the Constituent Authorities in relation to matters covered by this Agreement will be referred to in the first instance to the Chief Executives of the Constituent Authorities who may, at their sole discretion, delegate the dispute to the appropriate senior officer within 10 Business Days of written notice of the dispute;
 - (c) that if the Chief Executives or their delegates are not able to resolve the dispute within 5 Business Days of meeting or there is disagreement over a Member matter, then any Member may refer the matter to a mediation facilitated by the Welsh Local Government Association or to a suitably qualified and independent person, as recommended by the Chief Executives and the Constituent Authorities agree;

- (d) that where any dispute is agreed to be of a legal or technical nature the parties to the dispute may (but not must) jointly take the opinion of an appropriate expert including opinion of senior legal counsel where appropriate. Such expert opinion must be instructed through the OWG and be instructed within 10 days of referral to Chief Executives under sub-clause (b) following which the opinion should be delivered within a further 10 days unless the nature and/or details of the dispute or opinion dictate that an alternative timeframe needs to be followed.
- (e) that, if after exhausting other methods of dispute resolution, one of the Constituent Authorities commences legal proceedings then this will be subject to the exclusive jurisdiction of the Courts of England and Wales.

All costs are borne equally between the Constituent Authorities which are party to the dispute unless agreed otherwise by the Joint Governance Committee or ordered by the Courts.

37 COUNTERPARTS

- 37.1 This Agreement may be executed in any number of counterparts by the Constituent Authorities, all of which taken together, shall constitute one and the same Agreement, and any Constituent Authority (including any duly authorised representative of a Constituent Authority) may execute this Agreement by executing a counterpart.

Schedule 1

Contact Details

Council name	Address	Contact details
Carmarthenshire County Council	County Hall Carmarthen Carmarthenshire SA31 1JP	Chris Moore s. 151 Officer Tel: 01267 224160 e-mail: CMoore@carmarthenshire.gov.uk ; Linda Rees-Jones Monitoring Officer Tel. 01267 224010 e-mail: LRJones@carmarthenshire.gov.uk
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Rhondda Cynon Taff County Borough	The Pavilions Clydach Vale Tonypandy CF40 2XX	Chris Lee Deputy Chief Executive and Section 151 Officer Tel: 01443 424026 and e-mail: Christopher.d.lee@rctcbc.gov.uk Chris Jones Director of Legal & Democratic Services and Monitoring Officer

Council name	Address	Contact details
		Tel: 01443 424105 e-mail: chris.b.jones@rctcbc.gov.uk
Torfaen County Borough Council	Civic Centre Pontypool Torfaen NP46YB	<p>Nigel Aurelius Assistant Chief Executive Officer and Section 151 Officer, Tel: 01495 742623 and e-mail: Nigel.Aurelius@torfaen.gov.uk.</p> <p>Graeme Russell, Head of Human Resources and Pensions Tel: 01495 742625, e-mail: Graeme.Russell@torfaen.gov.uk</p> <p>Delyth Harries, Interim Monitoring Officer Tel: 01495 742652 and e-mail: Delyth.Harries@torfaen.gov.uk</p>

Schedule 2

Matters Reserved to the Constituent Authorities

- 1 Appointment, termination or replacement of the Operator following the making of a recommendation by the Joint Governance Committee.
- 2 Approval of additional expenditure not included within the Business Plan which exceeds 30 % of the approved budget in the Business Plan in any one Financial Year.
- 3 Formulation, approval or revisions of each respective Constituent Authority's investment strategy for the purposes of regulation 7 of the Investment Regulations.
- 4 Admitting a new administering authority within the LGPS to the Investment Pool as a Constituent Authority (pursuant to clause 24).
- 5 Amendment of this Agreement (pursuant to clause 34).
- 6 Termination of this Agreement (pursuant to clause 29).
- 7 Material change to the nature of the Operator Contract.
8. Approval of the initial strategic objectives to allow preparation of the first Business Plan (which objectives shall reflect the objectives set out in the procurement of the Operator).
- 9 Approval of any evaluation or scoring criteria for any procurement of a replacement Operator.
- 10 Approval of the Business Plan which shall include approval of the ongoing strategic objectives of the Investment Pool.
11. Determination of the timing of the transition of the assets held by the LGPS fund for which they are an administering authority into the Pooling Collaboration and the funds or sub-funds operated by the Operator.

Schedule 3

Joint Governance Committee Matters

Subject to the terms of the Agreement, the Joint Governance Committee shall undertake those matters which are not Matters Reserved to the Constituent Authorities which shall include (without prejudice to the generality of the foregoing):

- 1 Making a recommendation on the appointment, replacement or termination of the Operator to the Constituent Authorities.
- 2 Appointing and replacing service providers, advisers to the Joint Governance Committee (other than the Operator).
- 3 Approving the creation of new pooled vehicles for the Operator.
- 4 Approving the creation of new sub-funds provided by the Operator.
- 5 Approving the termination of sub-funds provided by the Operator.
- 6 Preparing a plan relating to the overall transition of assets in accordance with each Constituent Authority's asset transition plan.
- 7 Approving changes to the Operator Contract which are not material changes to the nature of the Operator Contract.
- 8 Dealing with the necessary general ongoing management of the Pooling Collaboration.
- 9 Delegation of tasks to the OWG, including the preparation of reports and draft documents and the undertaking of consultations.
- 10 Liaison with Pension Boards as appropriate in line with CIPFA Guidance, guidance issued by the Pensions Regulator and other applicable legislation or regulatory guidance.
11. Determining the best means of alternative investment structures for assets where a sub-fund is not being provided by the Operator.

Notwithstanding the above, for the avoidance of doubt, the Joint Governance Committee may not delegate its responsibilities.

Schedule 4

Joint Governance Committee - Terms of Reference

The Joint Governance Committee responsibilities are:

- Making recommendations to the Constituent Authorities on the termination of the Operator Contract before the conclusion of the fixed term contract, where the performance of the Operator is considered unacceptable;
- Ensuring that there are an appropriate range of sub-funds available in order to allow the Constituent Authorities to meet their strategic investment aims. Following representation from any, some or all of the Constituent Authorities, the Joint Governance Committee may request the Operator to set up a sub-fund in a particular asset class. The Joint Governance Committee must be mindful at all times of the need to balance the requirement to provide a particular sub-fund with the benefits of holding aggregated assets;
- Monitoring the performance of the Operator against the agreed set of key performance indicators;
- Reporting on the performance of the Investment Pool, its costs and other activities, but not limited to, the Constituent Authorities, government, the Scheme Advisory Board and the general public;
- From time to time, to review the appropriateness of the existing structures, including the number and make-up of sub-funds and to make recommendations to the Constituent Authorities as to the respective merits of procuring Operator services by means of a third party or through ownership by the Constituent Authorities of the Operator;
- Liaising with the Operator, in such areas as the Operator seeks the preferences and views of the Joint Governance Committee, on the appointment of suppliers, for example manager preferences or the appointment of depositories;
- Liaising with the Constituent Authorities on the appropriate range of sub-funds to be provided in the Investment Pool;
- From time to time reviewing policies in respect of ethical, social and governance matters and voting rights and where appropriate make recommendations to the Constituent Authorities as to any changes deemed necessary;
- Applying any processes or policies that are assigned to it within this Agreement;
- Recommend a high level plan for initial transition of assets to the pool and further asset transitions in the event, for example, of new sub-funds being created or manager changes within sub-funds;
- Ensuring that the OWG acts within its remit as set out in clause 4 and Schedule 8 of this Agreement;
- Providing any analysis or commentary on annual accounts to the Constituent Authorities;
- Monitoring the implementation and effectiveness of the policies listed in Schedule 5 and initiating reviews of these where required;
- Delivery and ongoing monitoring against the Pooling Collaboration objectives, Business Plan and budgets;
- Approving responses from the Pooling Collaboration in relation to consultations or other matters considered appropriate;

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- Seeking advice from professional and authorised and regulated advisers where necessary;
 - Agreeing the Business Plan to be put forward to the Constituent Authorities for approval;
 - Report to the Constituent Authorities quarterly (and at any other time when the Joint Governance Committee considers it to be necessary) on the matters within their remit including but not limited to the performance of the Operator, the structure of the funds and the ongoing monitoring of the Business Plan;
 - Agreeing criteria for the evaluation of bids or tenders for any procurement (other than the first appointment of the Operator) to be put forward for the approval of the Constituent Authorities.

Schedule 5

Policies and Procedures

- Training and Competence
- Complaints
- Breaches and Errors
- Conflicts of Interests
- Business Continuity Planning
- DSAR/FOI
- Contract Management, Co-ordination and Liaison with the Operator

Schedule 6

Joint Governance Committee Procedure

1 MEMBERSHIP

- 1.1 The membership of the Joint Governance Committee shall consist of one elected member (or their appointed deputy) per Constituent Authority.
- 1.2 No substitutes other than deputies shall be allowed.
- 1.3 The Joint Governance Committee shall not include any non-voting or co-opted members.

2 MEETINGS

- 2.1 Meetings shall be held a minimum of four times per municipal year (being May to May). The anticipated schedule of meetings and the locations in which they will be held will be agreed in advance of the commencement of the next Financial Year no later than the final meeting of the current Financial Year.
- 2.2 A meeting may be held at such time and place as the Chair of the Joint Governance Committee thinks fit provided that at least two meetings per annum shall be held in rotating locations between the Constituent Authorities to facilitate public access. The Constituent Authorities shall make available suitable accommodation for the holding of such meetings in public including the provision of Welsh Language translation, video-conferencing and webcasting services as appropriate.
- 2.3 All agendas, reports and minutes in relation to the Joint Governance Committee shall be in both Welsh and English, and simultaneous translation of proceedings will be available throughout all meetings of the Joint Governance Committee.
- 2.4 The Joint Governance Committee may decide to allow remote participation in meetings via video-conference or any similar medium. Any Member attending by video-conference shall be held to be in attendance at the meeting for the purposes of this Schedule.
- 2.5 A meeting of the Joint Governance Committee may be called by a proper officer of the Host Council on the request of the Chair. Members must declare any conflict of interest in respect of any business being conducted at the meeting which would likely to be regarded to prejudice the exercise of a person's function as a participant in the meeting.
- 2.6 The Chair is responsible for the running of meetings. The Chair shall invite Members expressing a desire to speak in turn. All discussion and debate shall be held through the Chair and the Chair may draw a discussion to a vote at any time where they consider that every Member has been given a fair opportunity to speak.
- 2.7 Minutes will be kept of all meetings. The Chair will sign the minutes of the proceedings at the next suitable meeting.
- 2.8 Notice of meetings
 - (a) A notice of meeting specifying the place, date and time of the meeting and containing a statement of the matters to be discussed at the meeting, shall be served on all of the Members of the Joint Governance Committee by the appropriate governance officer of the Host Council;
 - (b) Subject to clause 2.8(c), notice of each meeting, copies of the agenda and any reports to be presented at the meeting, shall be given to all Constituent Authorities by the Host Council no later than 5 working days before the date of the meeting. The Constituent Authorities shall ensure that a minimum of five working days' notice of all meetings is given in accordance with their normal procedures for notification of Council meetings and all papers made available at all of the Constituent Authorities head offices for inspection for those five working days unless certified as confidential in which case agendas and any non-certified items are made available only.

- (c) If a meeting is required to be held with less than 5 working days' notice, the Chair must agree it is required urgently, approve the shortened notice period and allow as much notice as possible to be given. Notice should be given in the same manner, and the documents should be made available to all of the Constituent Authorities for as many days as practicable before the meeting.

2.9 Exclusion of the public and press

- (a) Where any item to be discussed forms exempt information the Chair shall move that the public and press are excluded from the meeting for the duration of the discussion and voting on that item. Motions to exclude the press and public do not require to be seconded and shall be determined by simple majority vote of the Members present.
- (b) Where the press and public are excluded under (a) above the Chair may invite any person to remain in the meeting where they consider it to be necessary or appropriate to do so and any members of the OWG present shall be presumed to be invited to remain unless the Chair specifies otherwise.
- (c) Any person may be excluded from a meeting or required to leave a meeting where in the opinion of the Chair they are causing a disturbance to the running of the meeting and have not desisted from doing following a request; or where any person is so disruptive that their conduct if allowed to remain would prevent the meeting from proceeding in a fair and acceptable manner.

2.10 The Joint Governance Committee may, through the Chair, invite any person to speak at a meeting.

2.11 Officers of the OWG presenting reports to the Joint Governance Committee may be asked questions following such presentation.

2.12 Section 151 Officers and Monitoring Officers (and in their absence their deputies) of any Constituent Authority are entitled to attend all meetings including any part of any meeting which is closed to the public and press.

3 QUORUM

3.1 The quorum shall be five Members.

3.2 Where a quorum is not present within 15 minutes of the start of the meeting and the Chair has not been notified that one or more Members have been delayed but will be attending, the meeting shall not be held and the Host Council will be asked to schedule and give notice of a replacement meeting.

3.3 Where, during any meeting there is no quorum present, then the meeting will adjourn immediately. If the Chair has been unable to ascertain within 15 minutes that the quorum can be restored the remaining business will be considered at another time and date fixed by the Chair.

4 CHAIR AND VICE CHAIR.

4.1 The Chair and Vice-Chair shall be Members and shall be appointed by vote for a term of 12 calendar months.

4.2 In the absence of the Chair, the Vice-chair shall be entitled to exercise all of the functions of the Chair.

4.3 The decision of the Chair of the meeting on all points of procedure and order and the Chair's interpretation of any rule in this schedule shall be final and no debate may ensue thereon. The Chair shall be entitled to take the advice of a governance officer in interpreting any rule or objection on procedure.

4.4 The Chair may be assisted during meetings by a governance officer on procedural matters and such administrative officers as the Chair considers appropriate. Such governance and secretarial officers shall be entitled to remain in the meeting where the public and press are excluded.

5 AGENDA

5.1 An agenda shall be produced in advance for each meeting by the Host Council following consultation with the Chair.

- 5.2 The agenda for each meeting shall contain as the first substantive item the approval of the minutes of the previous meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record. The only part of the previous minutes that can be discussed is their accuracy and any matters arising from those previous minutes shall be regarded as new items on the agenda of the current meeting.
- 5.3 The OWG and the Constituent Authorities may ask the Chair to include any matter on the agenda which they consider should be discussed by the Joint Governance Committee.
- 5.4 The decision on whether to allow discussion on any other matter not on the agenda of a meeting at that meeting shall be made by the Chair.

6 MOTIONS

- 6.1 Any Member may propose a motion. All motions must be seconded. Motions which are opposed shall be put to a vote in accordance with the voting provisions of this schedule.
- 6.2 A Member may raise a point of order at any time. The Chair will hear them immediately. A point of order may only relate to an alleged breach of the provisions of this Schedule, or the law or other competent authority. The Member must indicate the provision or law or regulation and the way in which he/she considers it has been broken. The ruling of the Chair on the matter will be final. The Chair may take advice on the point of order from the appropriate officer.

7 VOTING

- 7.1 The Chair shall seek consensus wherever possible however where a vote is required the provisions of this section shall apply.
- 7.2 Each Member present will have one vote and voting will be by means of a show of hands. In the event of a tied vote, the Chair shall have a second or casting vote.
- 7.3 All decisions will be determined by simple majority.
- 7.4 In the event that a vote is taken, the voting positions and any abstentions of members will be recorded in the minutes.

8 SUB-COMMITTEES AND WORKING GROUPS

- 8.1 The Joint Governance Committee shall form such sub-committees and working groups as it considers expedient to performing its function. The Joint Governance Committee shall at the time of forming sub-committees or working groups set out the remit of the sub-committees or working groups, what the sub-committees or working groups are required to deliver and the timescale for that delivery.
- 8.2 Sub-committees and working groups shall be entitled to request the input and support of the OWG in the same manner as the Joint Governance Committee.
- 8.3 Each sub-committee and working group shall appoint a chair for that sub-committee or working group, who is to be one of the Members of the sub-committee or working group.
- 8.4 Working groups may invite any person who is not a Member to join the group in order to assist in carrying out its function.
- 8.5 The Chairs of sub-committees and working groups shall report to Joint Governance Committee at each meeting of that committee on the process of the matters within their remit.
- 8.6 Sub-committees and working groups may be disbanded at any time on the vote of the Joint Governance Committee.
- 8.7 The provisions of paragraphs 5-7 (Agenda, Motions and Voting) of this Schedule shall apply to any sub-committee and working group meetings.

Schedule 7

TUPE

1 DEFINITIONS

1.1 The following definitions shall apply in this Schedule:

Data Protection Legislation means the Data Protection Act 1998, the Data Protection Directive (95/46/EC), the Regulation of Investigatory Powers Act 2000, the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000, the Electronic Communications Data Protection Directive (2002/58/EC), the Privacy and Electronic Communications (EC Directive) Regulations 2003 and all applicable laws and regulations relating to the processing of personal data and privacy, including where applicable the guidance and codes of practice issued by the Information Commissioner.

Expected Transferring Employees means those Host Council Personnel who are reasonably expected by the Host Council to be a Transferring Employee.

Future Host Council means any relevant Constituent Authority who provides services which are identical or substantially similar to any of the Host Council Services (directly or indirectly) following the termination or expiry of this Agreement or the termination of the provision of any of the Host Council Services by the Host Council.

Host Council Personnel means the individuals employed or engaged by the Host Council or any other person in the provision of the Host Council Services under this Agreement from time to time.

Host Council Services means the services to be provided by the Host Council under this Agreement as more particularly described at clause 7.

Redundancy Costs means any notice pay (including payment in lieu of notice), holiday pay and statutory and/or contractual redundancy payments.

Sub-Contractor means any person to whom the provision of any of the Host Council Services may be sub-contracted by the Host Council.

Subsequent Transfer Date means the date on which responsibility for the provision of the Host Council Services, or any part of the Host Council Services, transfers from the Host Council to the Future Host Council.

Transferring Employee means an individual whose contract of employment has effect from and after the Subsequent Transfer Date, by virtue of the operation of TUPE, as if originally made between such person and the Future Host Council.

2 NO TRANSFER ON COMMENCEMENT

2.1 The Constituent Authorities agree that the neither the commencement of this Agreement nor the implementation of any of the arrangements contemplated within it shall give rise to a "relevant transfer" within the meaning of TUPE on or around the Commencement Date.

3 EMPLOYEE INFORMATION ON TERMINATION

3.1 Subject to the Data Protection Legislation, during the period of twelve months preceding the expiry of this Agreement, or at any time after the Host Council has given notice to withdraw from the Pooling Collaboration or at any time after the Host Council has actually ceased to provide any of the Host Council Services:

- (a) the Host Council shall within 28 days of the reasonable request by any Future Host Council disclose to that Future Host Council details of the number, age and terms and conditions of employment, in relation to any Host Council Personnel assigned to the provision of the Host Council Services or any relevant part of the Host Council Services;
- (b) the Host Council shall not and, if relevant, shall procure that any Sub-Contractor shall not, save in the ordinary course of business, materially vary the terms and conditions of employment or engagement of any Host Council Personnel or redeploy, replace or dismiss any Host Council Personnel, or employ or engage any additional individual in the provision of the Host Council Services, without the prior written consent of the Future Host Council (such consent not to be unreasonably withheld or delayed).

4 EMOLUMENTS

All wages, salaries, bonus and commission payments, contributions to pension schemes, entitlement to holiday pay and any other emoluments (whether monetary or otherwise), tax and national insurance contributions relating to the Transferring Employees shall be paid or borne by the Host Council (or Sub-Contractor) in relation to the period before the Subsequent Transfer Date (and the Host Council shall procure such payment by any Sub-Contractor) and by the relevant Future Host Council thereafter (and the Constituent Authorities shall procure such payment by any Future Host Council), and all necessary apportionments shall be made.

5 COMPLIANCE AND INDEMNITIES

5.1 The Host Council shall and/or, if relevant, shall procure that any Sub-Contractor shall:

- (a) comply with its or their obligations to inform and consult the Expected Transferring Employees pursuant to Regulation 13 of TUPE;
- (b) use reasonable endeavours to agree with the Future Service Provider, and deliver to the Expected Transferring Employees prior to the Subsequent Transfer Date, a suitable joint statement regarding the proposed transfer of their employment to the Future Host Council on the Subsequent Transfer Date; and
- (c) give employees of the Future Host Council such access to the Expected Transferring Employees prior to the Subsequent Transfer Date as the Future Host Council may reasonably require for the purposes of consultation or of effecting an efficient transfer of the Host Council Services and Transferring Employees with effect from the Subsequent Transfer Date.

5.2 The Host Council shall indemnify and keep indemnified the Future Host Council against all and any costs, expenses, liabilities, damages and losses arising out of or in connection with any claim, demand, action or proceeding which is made or brought against the Future Host Council in relation to:

- (a) the employment or termination of employment of any Transferring Employee during the period before the Subsequent Transfer Date; or
- (b) the Host Council's failure or alleged failure to comply with its obligations under Regulation 13 of TUPE, save to the extent that any such failure or alleged failure is as a result of or in consequence of a failure by the Future Host Council to comply with its obligations under Regulation 13(4) of TUPE.

5.3 If a claim or allegation is made by any person who is not a Transferring Employee (a "**Non-Disclosed Transferring Employee**") that his contract of employment has or should have effect as if originally made between himself and the Future Host Council by virtue of the operation or alleged operation of TUPE:

- (a) the Future Host Council shall notify the Host Council in writing as soon as reasonably practicable of any such claim or allegation and the Future Host Council shall then allow the Host Council (or any relevant Sub-Contractor) a period of 10 working days to consult with any such Non-Disclosed Transferring Employee concerning his claim or allegation;

- (b) the Future Host Council shall give to the Host Council (or any relevant Sub-Contractor) such co-operation or assistance as the Host Council (or relevant Sub-Contractor) may reasonably require;
- (c) if, following the period of 10 working days referred to in paragraph 4.3(a) above, any Non-Disclosed Transferring Employee continues to assert that his contract of employment has or should have effect as if originally made between himself and Future Host Council, the Future Host Council may, within a further period of 20 working days (or such other period as may be agreed in writing between the Host Council and Future Host Council), serve notice to terminate the employment or alleged employment of such Non-Disclosed Transferring Employee with immediate effect; and
- (d) subject to the Future Host Council's compliance with this paragraph 5.3, the Host Council shall indemnify and keep indemnified the Future Host Council against all and any costs, expenses, liabilities, damages and losses arising out of or in connection with any claim, demand, action or proceeding which is made or brought by any such Non-Disclosed Transferring Employee in relation to any sums paid or payable to such Non-Disclosed Transferring Employee up to the date of the termination of such Non-Disclosed Transferring Employee's employment or alleged employment, and in relation to such termination.

5.4 The Future Host Council shall indemnify and keep indemnified the Host Council (for itself and any Sub-Contractor) against all and any costs, expenses, liabilities, damages and losses arising out of or in connection with any claim, demand, action or proceeding which is made or brought:

- (a) by any Transferring Employee in relation to any act or omission of the Future Host Council on or after the Subsequent Transfer Date and/or in relation to any events or circumstances relating to the employment or termination of employment of any Transferring Employee occurring or arising on or after the Subsequent Transfer Date;
- (b) in relation to any failure or alleged failure of the Future Host Council to comply with their obligations under Regulation 13 of TUPE; or
- (c) in relation to any substantial change made or proposed by the Future Host Council in the working conditions of any of the Transferring Employees, or any individual who would have been a Transferring Employee but whose employment terminated prior to the Subsequent Transfer Date, where that change is to the detriment of such Transferring Employee(s) or such individual(s).

6 REDUNDANCY COSTS

6.1 The Constituent Authorities shall indemnify and keep indemnified on a joint and several basis the Host Council (for itself and any Sub-Contractor) against all and any Redundancy Costs arising out of or in connection with any claim, demand, action or proceeding which is made or brought against the Host Council (or Sub-Contractor) arising out of or in connection with the termination or alleged termination of employment of any Host Council Personnel by reason of redundancy within 6 months of the Subsequent Transfer Date, where the employment such Host Council Personnel does not transfer to a Future Host Council (under TUPE or otherwise) on the cessation of the provision of any or all of the Host Council Services, provided that the Host Council shall, or shall procure that any Sub-Contractor shall, use reasonable endeavours to:

- (a) mitigate the amount of any such Redundancy Costs;
- (b) search for and, if available, offer alternative employment within the Host Council's or the Constituent Authorities' (or, as the case may be, the Sub-Contractor's) organisation to any Host Council Personnel at risk of redundancy and shall give that Host Council Personnel a reasonable opportunity to accept any such offer of alternative employment before terminating that Host Council Personnel's employment; and
- (c) comply with any applicable statutory obligations.

Schedule 8 - Officers Working Group Remit

The remit of the OWG shall include:

- (a) proposing to the Joint Governance Committee and procuring external support requirements (including legal, governance, tax and other financial support) relevant to the Pooling Collaboration;
- (b) proposals to the Joint Governance Committee on governance arrangements including how the Operator should be held to account by reference to the Operator Contract;
- (c) proposals to the Joint Governance Committee on the most appropriate means of accessing different asset types, the structure of the Investment Pool including the number and make-up of sub-funds and where appropriate use of any external or national investment vehicles;
- (d) proposing high level transition plans for the transfer of assets to the Investment Pool;
- (e) challenging and contributing to the development of the Pooling Collaboration to enable the Pooling Collaboration and the Joint Governance Committee to achieve its objectives;
- (f) making recommendations to the Joint Governance Committee on the appointment, replacement or termination of the Operator including recommendations on whether to use a third party supplier or an owned entity;
- (g) monitoring and reviewing the performance of the Operator in meeting its objectives, service levels and key performance indicators and reporting to the Joint Governance Committee within the quarterly reports and on other occasions as required;
- (h) receiving reports on performance of the assets and reporting to the Joint Governance Committee;
- (i) external reporting on the Pooling Collaboration and its performance no less than quarterly to professional advisors or competent authorities if required;
- (j) liaison with other pools as required;
- (k) considering and making recommendations to the Joint Governance Committee in relation to the Business Plan, prepare a draft Business Plan for consideration by the Joint Governance Committee, consulting upon the approved draft Business Plan and reporting on the outcomes of such consultation including proposing any revisions to the draft Business Plan to the Joint Governance Committee;
- (l) developing and keeping under review the programme of training to be delivered to Members ensuring that it complies with all relevant regulations and applicable guidance, which programme of training shall have regard to the training undertaken in Members' roles on their respective Constituent Authority pension committees and shall seek to avoid duplication of training;
- (m) seeking advice from professional advisors that are authorised and regulated by competent authorities;
- (n) managing the procurement process for the procurement of any replacement Operator including proposing criteria for the evaluation of bids or tenders
- (o) such other matters as the Joint Governance Committee shall request or delegate to the OWG.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Appendix B – Governance Matrix

	Action	Host Authority	OWG	Constituent Authorities (Pension Committees)	JGC	Operator	Oversight Advisor
Beliefs & Objectives	WPP's beliefs, objectives & pool structure	N/A	Formulate & recommend	Written Approval (IAA 6.1)	Approve	Adhere to	Advise
Strategic Goals & Plan	WPP Business Plan – including the WPP's strategic plan, objectives & timeframes	N/A	Formulate & recommend	Written Approval (IAA, SC2)	Approve	Adhere to	Advise
Governance, Decision Making, Policies	Specify decision making, roles & responsibilities, delegation and governance structure	N/A	Formulate & recommend	Written Approval (IAA 34.1)	Approve	N/A	Advise
	Amending or Terminating the IAA	N/A	Formulate & recommend	Written Approval (IAA 34.1)	Recommend to CAs	N/A	Advise
	Develop WPP governance principles & policies	N/A	Formulate & recommend	N/A	Approve	Adhere to	Advise
	Admitting a new LGPS Authority to the WPP	N/A	N/A	Approve	N/A	N/A	N/A
Budget setting, resources and workplan	Budget approval (including additional expenditure that exceeds 30% of approved budget) & resource requirements – as outlined in the WPP Business Plan	Formulate	Recommend	Written Approval (IAA, SC2)	Approve	N/A	Advise
	Maintenance and progression of workplan	Implement (IAA 7)	Recommend	N/A	Approve	N/A	Advise
Implementation	Strategic asset allocation	N/A	N/A	Approve	N/A	N/A	Local advisors
	Agree pool sub-fund requirements including launches & terminations, asset classes, vehicle (ACS or other), sub-fund objectives and manager mandate	N/A	Formulate & recommend	N/A	Approve	Implement	Advise
	WPP Sub-Fund - investment manager selections	N/A	Review	N/A	Review	Formulate & approve	Advise
	Agree plans for asset transitions to pool vehicles	N/A	Formulate & recommend (IAA, SC8)	Review & Approve (IAA, SC2)	Recommend (IAA, SC3)	Implement	Advise & monitor implementation
	Agree supplier requirements & remit (e.g., transition managers, stock-lending agents, advisors)	Formulate	Recommend	N/A	Approve (IAA, SC3)	N/A	Advise

	Action	Host Authority	OWG	Constituent Authorities (Pension Committees)	JGC	Operator	Oversight Advisor
	Appointing, terminating or replacing the Operator (including procurement evaluation or scoring criteria, contracts and SLAs)	Implement (IAA 7.1h)	Recommend	Written Approval (IAA, SC2)	Recommend to CAs	N/A	Advise
	Appointing, terminating or replacing other suppliers (including contracts and SLAs)	Implement (IAA 7.1h)	Recommend	N/A	Approve	Implement	Advise
	Conflict management	Monitor	Formulate & recommend	N/A	Approve	N/A	Advise
Monitoring	Monitoring of Operator, including KPI reporting, service delivery, contract suitability, etc	Monitor	Review & recommend any actions	Approve any material Operator contract changes	Approve & Recommend any material Operator contract changes to CAs	N/A	Monitor and advise
	Performance of other suppliers	Monitor	Review & recommend any actions	N/A	Approve	N/A	Monitor and advise
	Risk Management	Formulate & monitor	Review and recommend	N/A	Approve	N/A	Advise
	Formulation of the WPP Annual Return	Formulate (Internal Audit)	Review	N/A	Approve (Audit Wales Signoff)	N/A	N/A
	Resourcing Requirements, budget monitoring & value for Money	Implement & monitor (IAA 11)	Review & Recommend	N/A	Approve	N/A	Advise
	Compliance with regulatory requirements (<i>Operator complies with requirements for its own regulatory functions</i>)	Formulate (IAA 7.1f)	Review and recommend	Adhere to	Approve	Adhere to	Advise
	Compliance with agreed policies	N/A	Review	Adhere to	Approve	Adhere to	Advise
Review	Regular review of Suppliers	Review	Recommend	N/A	Approve	N/A	Review and advise
	Identify & document lessons learnt	N/A	Formulate & Recommend	N/A	Approve	N/A	Review and advise
Training	Skills, Knowledge & Training for Officers & JGC	Formulate	Recommend	N/A	Approve	N/A	Advise

Approve	To consider recommendations and approve or ratify
Review	To assess and propose amendments
Formulate OR "Develop proposal"	To systematically gather relevant data and prepare a proposal
Recommend	To set out options considered and recommend proposal for approval
Advise	To advise on or review options, assess merits and advise those responsible for proposals, recommendations and approvals
Monitor	To observe and check progress and/ or quality
Adhere to	To act upon and adhere to approved plan, course of action and policies
Implement	To enact a decision, plan or agreement and meet an obligation

Appendix C – Risk Policy

WPP Risk Policy

Introduction

- 1 The Wales Pension Partnership (“WPP”) is the pooling arrangement for the assets of the eight Welsh Local Government Pension Scheme funds (“Constituent Authorities”).
- 2 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.
- 3 WPP’s objective in preparing this policy is to be able to outline:
 - 3.1 How the WPP views risks, its attitude to risk and the extent to which risk is accounted for in its governance and decision-making processes
 - 3.2 The means by which the WPP identifies, classifies and measures the potential impact of risks
 - 3.3 How risks are managed and mitigated
 - 3.4 The mechanisms and procedures in place to monitor risks
 - 3.5 The process by which the effectiveness and development of risk mitigation strategies are reviewed
- 4 This Risk Policy applies to the Joint Governance Committee (“JGC”), Officer Working Group (“OWG”), Host Authority, collectively referred to as “WPP Personnel”, alongside advisors and suppliers (“Providers”). The WPP recognises that all WPP Personnel and Providers have a role to play in identifying, understanding, managing and monitoring potential and actual risks facing the WPP.
- 5 This Policy is reflective of the WPP’s belief that good governance and greater transparency will improve the decision-making process and deliver superior outcomes for WPP stakeholders. The WPP must endeavour to be aware of all risks facing the WPP and have procedures in place to manage them.
- 6 The WPP recognises that training and education is critical to achieving good outcomes and will allocate resources to ensure that it undertakes regular training and education on identifying, managing and monitoring risk.
- 7 This Policy is focused solely on the risks that may arise from the work that WPP Personnel or Providers carry out on behalf of the WPP. The WPP’s Constituent Authorities remain responsible for managing risks at a Constituent Authority level. Alongside meeting the requirements and expectations of this Policy, WPP Personnel and Providers should continue to adhere to any other risk policies that they are subject to, this may include Constituent Authority or company policies and other relevant codes of conducts. This policy has been developed by WPP in consultation with the Constituent Authorities.
- 8 In maintaining and acting on this policy, the WPP will have an ongoing dialogue with its Operator, Investment Managers and Oversight Advisor. The WPP will also seek input from third parties where appropriate.

- 9 The WPP's Risk Policy will be formally reviewed by the OWG, and updated if required, on an annual basis. However, the Policy may be reviewed or amended more frequently to take account of relevant guidance or regulations. The WPP's Policy will be an annual JGC agenda item.

Beliefs

- 10 The WPP is aware that some risks cannot be fully mitigated, it recognises the need to embrace risk and ensure that it is actively and effectively managed.
- 11 The WPP recognises that risk management is a critical element of its commitment to good governance as such the WPP will develop and adhere to a structured, extensive and robust risk strategy. This strategy will be imbedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.
- 12 Effective identification, understanding, management and monitoring of risks will allow the WPP to;
- 12.1 Minimise the probability of failing to meet its objectives
 - 12.2 Demonstrate its commitment to good governance
 - 12.3 Limit the extent to which it is impacted by unpredictable or adverse developments
 - 12.4 Correctly balance opportunities and risk
 - 12.5 Be better informed in its decision-making
 - 12.6 Achieve better outcomes for its stakeholders
- 13 To deliver on its objectives, the WPP needs to carry out activities or seize opportunities that subject it to significant levels of risk. The extent to which the WPP is able to effectively balance risk and return will depend on the success of its Risk Policy.
- 14 The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without fair warning. This highlights the need for the WPP's Risk Policy to anticipate and deal with changes in a swift and effective manner to minimise potential loss or harm to the WPP and its stakeholders.
- 15 It's critical that prior to making decisions the WPP understands the associated risks and considers the means by which these risks could be managed.

Objectives

- 16 The primary objectives for WPP are:
- 16.1 To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical)
 - 16.2 To achieve material cost savings for participating funds while improving or maintaining investment performance after fees
 - 16.3 To put in place robust governance arrangements to oversee the Pool's activities
 - 16.4 To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments

16.5 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

17 The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives, if the WPP is unable to deliver investment performance, opportunities and cost savings within a robust governance framework the WPP risks:

17.1 Constituent Authorities refusing to buy-in to the WPP and invest their assets with the WPP

17.2 Government intervention which may force the WPP to cease operations

18 In recognition of the unique and critical nature of these risks the WPP has taken additional steps to manage these risks. The WPP Business Plan is the means by which the WPP gives special recognition of these risks and the actions required to manage them. The WPP's Business Plan is reflective of the WPP's need to:

18.1 Provide a diverse and attractive set of investment opportunities to the Constituent Authorities

18.2 Deliver improved investment performance after fees

18.3 Facilitate broader cost savings to the Constituent Authorities

18.4 Provide effective and robust governance arrangements

19 During the course of the WPP Business Plan the follow actions will be prioritised to mitigate the risk of the WPP failing to meet these needs;

19.1 Further sub-funds will be launched

19.2 Best in class investment manager performance reporting will be developed

19.3 The continued investigation of cost saving

19.4 Further development of the WPP's governance arrangements

20 The WPP also recognises the significant risk posed by its reliance on its Operator. The WPP Business Plan's commitment to formulating an Operator Oversight Framework is recognition of the need to take additional steps to manage this risk.

Risk Strategy

21 The WPP's risk strategy is focussed on putting in place mechanisms and process that allow it to identify, understand, manage and monitor risk. The strategy is not only concerned with risks relating to the WPP's current activities but also those carried out in the past or to be carried out in the future.

22 As part of its risk strategy the WPP will carry out following:

22.1 Risk Identification

22.2 Risk Understanding

22.3 Risk Management

22.4 Risk Monitoring

- 23 The WPP recognises the need to ensure that its risk strategy is:
- 23.1 Effectively communicated and fully understood by WPP Personnel and Providers
 - 23.2 Integrated into all WPP processes, procedures and activities
 - 23.3 Adaptable, innovative and effective
- 24 The Chair of the JGC will be responsible for ensuring that the WPP's Risk Strategy is carried out and adhered too. However, all WPP Personnel and Providers have an individual duty to identify, understand, manage and monitor any potential risks to the WPP. The OWG will be responsible for maintaining the WPP Risk Register, and reporting back any changes or developments to the JGC on a quarterly basis

Identification and Understanding

- 25 The WPP's risk identification is focussed on identifying existing risks and risks which may materialise in the future. A proactive approach to identifying future risk will allow the WPP to be proactive as opposed to reactive, this should ensure more efficient risk management.
- 26 The WPP uses the following to identify risks:
- 26.1 A detailed risk assessment exercise carried out by the OWG
 - 26.2 Feedback and communication with WPP's stakeholders
 - 26.3 Internal or external audit exercises
 - 26.4 Regular meetings, conversations and consultations with other LGPS Pools, the Scheme Advisor Board and the Ministry of Housing, Communities and Local Government.
 - 26.5 An annual review of the WPP's performance towards its long-term objectives
 - 26.6 Formulation of the WPP's Annual Business Plan
- The WPP recognises that methods other than those outlined above can be an effective means of identifying risks and the WPP will look to employ these alternative methods if required.
- 27 Once a risk has been identified the WPP will seek to understand the risk and its potential impacts. As part of this process the WPP will:
- 27.1 Classify the nature of the risk
 - 27.2 Identify the cause of the risk
 - 27.3 Outline the potential impacts of the risk
 - 27.4 Consider the time period over which the impact will be felt
 - 27.5 State the Owner(s) of the Risk
 - 27.6 Attribute a probability and severity score to the risk
 - 27.7 Give the risk an overall risk score

28 In understanding a risk, the WPP will consider whether the risk is Financial, Operational or Reputational in nature. In addition, the WPP will use the following criteria to classify the timeframe over which the impact of the risk will be felt:

Short Term	The majority of the impact is expected to materialise within a 12-month period
Medium Term	The majority of the impact is expected to materialise within a 1 to 3-year period
Long Term	The majority of the impact is expected to take longer than 3 years to materialise

29 The WPP will use the following system to attribute a probability score to a given risk:

Probability Score:	Probability	% Probability
1	Improbable	0-25%
2	Unlikely	25-40%
3	Possible	40-60%
4	Likely	60-75%
5	Highly Likely	75%+

30 The WPP will use the following system to attribute a severity score to a given risk:

Severity Score:	Impact	% Impact
1	Insignificant	0-25%
2	Minor	25-40%
3	Moderate	40-60%
4	Significant	60-75%
5	Critical	75%+

31 The Overall Risk Score is calculated by multiplying the severity score by the probability score. The Overall Risk Score is used to classify the risk based on the following matrix:

Probability Score	Severity Score				
	1	2	3	4	5
1	Low	Low	Low	Low	Low
2	Low	Low	Medium	Medium	High
3	Low	Medium	Medium	High	High
4	Low	Medium	High	Very High	Very High
5	Low	High	High	Very High	Very High

32 Once the WPP has identified and understood a risk it will be documented in the WPP's Risk Register.

Management and Monitoring

33 The WPP has formulated a Risk Register which is the means by which risks are documented, managed and monitored. The purpose of the WPP Risk Register is to:

33.1 Outline the WPP's key risks and factors that may limit its ability to meet its objectives

33.2 Quantify the severity and probability of the risk facing the WPP

33.3 Summarise the WPP's risk management strategies

33.4 Monitor the ongoing significance of these risks and the requirement for further risk mitigation strategies

34 The Overall Risk score indicates the level of management that is required when the risk is initially added to the WPP's Risk Register:

Green	Low Priority	1 to 5	No Action Required - Ongoing Monitoring Required
Yellow	Medium Priority	6 to 9	Review Suitability of Existing Risk Mitigation Strategies
Orange	High Priority	10 to 15	Action Required
Red	Very High Priority	16 to 25	Urgent Action Required

35 The WPP's risk management strategy considers what existing risk controls are in place, identifying existing controls is important in guaranteeing that any further risk management strategies are not inefficiently duplicating existing measures. Any existing risk controls will be clearly outlined in the WPP's Risk Register.

36 The next step of the WPP's risk management strategy is to attribute a target risk score to each risk. The target risk score represents the risk that would remain if the WPP were to employ all possible risk management strategies with maximum efficiency, in this regard the score can be considered a 'best-case scenario'. The WPP's use of a target risk score is reflective of its belief that not all risks can be fully mitigated.

37 Once a target risk score has been devised the WPP will consider if this score has been met, if it has not action will be taken to reduce the risk's probability, severity or both. The Risk Register will state which party is responsible for the completion of this action.

38 The Risk Register will provide a status update on the progression of the WPP's risk management actions and activities. The WPP has adopted the following classification system:

Status	Meaning	Description
	Satisfied	The WPP has met its target risk score, its focus will revert to monitoring this risk and maintaining the current risk score.
	Comfortable	The WPP is comfortable that the risk score is progressing toward its target score. The WPP will continue to adhere to and implement the 'required actions' until it becomes satisfied.
	Unsatisfied	The WPP remains concerned about this risk due to its significance or the progress made toward fulfilling the 'required actions' or the effectiveness of these actions.

39 The final stage of the WPP's risk strategy is risk monitoring, this is the process by which the WPP considers and reviews if:

39.1 Risk management actions have been completed or progressed since the last review date

39.2 The risk management strategies have been effective

39.3 Further action is required

39.4 A risk's characteristics have changed materially

39.5 Lessons can be learnt which may improve future risk management

40 The OWG will be responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis via the WPP's Abbreviated Risk Register (Appendix 1). Any change in the risk score over the quarter will be clearly identified via the use of bold font.

Further Information

41 The WPP has identified the following as potential risks which may limit its ability to enact this policy:

41.1 A lack of knowledge means that the WPP cannot effectively identify and understand risks

41.2 A lack of resources means that the WPP cannot effectively identify and understand risks

41.3 A lack of knowledge or resources limits the effectiveness of the WPP's risk management strategies

41.4 The WPP's Risk Strategy is not fully understood by WPP Personnel and Provider and fails to become embedded into the WPP's decision making process

41.5 Other factors, such as conflicts or interest, interferes with the implementation of this policy

The WPP will continually monitor these risks and were possible will take steps to mitigate these risks.

42 If you require any further details on the WPP's Risk Policy, please contact:
walespensionpartnership@cararthenshire.gov.uk.

June 2020

Appendix D – Responsible Investment Policy

WPP Responsible Investment Policy

1 Introduction and oversight

- 1.1 The Wales Pension Partnership (“WPP”) is the pooling arrangement for the assets of the eight Welsh Local Government Pension Scheme funds (“Constituent Authorities”).
- 1.2 The investment arrangements of WPP are overseen by a Joint Governance Committee (“JGC”) and supported by an Officer Working Group (“OWG”) and implemented through pooled funds managed by its “Investment Managers”.
- 1.3 WPP has established a RI Sub-Group to provide oversight and advice to the OWG and JGC on the development and implementation of this policy. The RI Sub-Group operates under an agreed Terms of Reference.
- 1.4 This document sets out WPP’s policy on responsible investment for all assets invested within the WPP. This policy has been developed by WPP in consultation with the Constituent Authorities.
- 1.5 WPP’s objective in preparing and implementing this policy is to be able to:
 - 1.5.1 demonstrate to its stakeholders that the WPP is a Responsible Investor; and
 - 1.5.2 enable the Constituent Authorities to substantially deliver their own Responsible Investment and Social Impact policies through the WPP.
- 1.6 WPP recognises that responsible investment considerations pose financially material risks to the assets of Constituent Authorities held within WPP. Such considerations are relevant in relation to both the way the assets of Constituent Authorities are invested and in the exercise of stewardship responsibilities.
- 1.7 This policy will be reviewed by WPP on an annual basis and, if necessary, changes to the policy will be proposed to and agreed by the JGC and OWG. In order to inform the policy review, WPP will consult with or otherwise obtain the views and requirements of all Constituent Authorities.
- 1.8 In developing and implementing this policy, WPP will have regard to the Well-being of Future Generations (Wales) Act 2015, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and any relevant guidance provided by the Scheme Advisory Board (“SAB”), the Ministry of Housing Communities and Local Government (“MHCLG”) and the Welsh Government.

2 Ambition and beliefs

- 2.1 WPP’s long-term ambition is to demonstrate leadership on RI practices in managing assets for and on behalf of the Constituent Authorities. WPP, in conjunction with the OWG & JGC, will update its annual business plan to ensure that sufficient time and resources are provided to implement the requirements of this policy.
- 2.2 WPP recognises that the development of beliefs represents best practice for asset owners. In consultation with the Constituent Authorities, the WPP has developed and agreed the following

responsible investment beliefs which serve to underpin its decision-making and governance processes.

2.2.1 The RI behaviours we want to see demonstrated by all our stakeholders must be led by WPP;

2.2.2 Integration of ESG factors, including climate change, into investment processes is a prerequisite for any strategy given the potential for financial loss;

2.2.3 WPP is most effective as an investor engaging for change from within, particularly in collaboration with other like-minded investors, as opposed to a campaigner lobbying for change from outside.

2.2.4 Our impact on corporate behaviours will be greatest when we speak with one voice;

2.2.5 Effective oversight of RI practices requires clear disclosure and measurement of comprehensive data.

2.3 WPP will test adherence of the investment arrangements it implements to these beliefs on an annual basis. WPP will also periodically test the continuing appropriateness of its beliefs.

3 Investment strategy

3.1 The Constituent Authorities are individually responsible for setting investment strategy (and the underlying structure of those strategies, e.g. geographical exposure) for their own funds which reflect their membership profile and funding position. The investment strategy is the high-level split between asset classes including but not limited to equities, debt, property and infrastructure. The role of WPP is to provide a means for each Constituent Authority to implement its agreed strategy.

3.2 WPP openly encourages the Constituent Authorities to develop their own RI policy as part of their investment strategy. WPP has developed and may periodically amend this RI policy to ensure that it complements those of the Constituent Authorities.

3.3 WPP will consult with Constituent Authorities on at least an annual basis to determine their individual investment requirements and longer-term aspirations. WPP will use this information to prioritise the development and launch of future investment solutions/funds within the WPP.

3.4 In conjunction with its advisers the WPP will also consider opportunities arising from a greater understanding of ESG factors. These opportunities could include impact and/or sustainability themed strategies, as well as social beneficial investments. WPP may propose such opportunities directly for consideration by Constituent Authorities including strategies which either meet the responsible investment requirements of Constituent Authorities or have the potential to deliver benefit within the regions covered by the Constituent Authorities.

4 Climate change

4.1 Climate change presents a systemic risk that has the potential to affect economies, financial returns and demographics. The risks arising from climate change may arise from environmental, social, governance or other factors and are generally characterised as follows:

4.1.1 Physical risks, such as damage to property from flooding or lower precipitation giving rise to crop failure;

4.1.2 Transition risks, being the financial risks arising from changes in policy and technology to adjust to a lower-carbon economy; and

4.1.3 Liability risks, being the potential costs arising from parties who have suffered loss or damage due to climate change seeking compensation from those they hold responsible.

4.2 Climate change is increasingly being recognised by regulatory bodies and legislators as an issue that must be explicitly addressed by asset owners and investment managers. The uncertainty arising from climate change has implications for Constituent Authorities through the investments made within WPP.

4.3 WPP will engage with its providers to ensure that a common mechanism for monitoring climate related risks can be developed in respect of all WPP assets. Through this, WPP aims to provide support to Constituent Authorities in developing and implementing their own climate risk management policies.

4.4 WPP will encourage, through its delegates, all investee companies to disclose in line with the requirements of the Taskforce for Climate Related Financial Disclosures.

4.5 WPP's broader approach to addressing climate risk is set out in its climate risk policy.

5 Exclusions

5.1 WPP has not adopted a policy of exclusionary practices within its underlying active manager portfolios. However, the WPP recognises that the Constituent Authorities may individually adopt an exclusionary policy.

5.2 WPP recognises that active investment management is by its very nature exclusionary and therefore expects that all the investment managers employed within WPP will properly consider climate-related and other ESG risks in decision making within their respective portfolios.

5.3 Constituent Authorities have the ability to invest in passive or other rules-based strategies through WPP's passive Investment Manager which may follow an exclusionary approach.

6 Implementation of strategy

6.1 WPP expects that the Investment Managers employed to manage WPP assets will take account of ESG-risks as part of their investment analysis and decision-making process. WPP further expects its Investment Managers to be able to demonstrate and evidence high standards with regards to their integration of responsible investment considerations. Where necessary, WPP or its delegates will engage with investment managers who fail to meet WPP's expectations to agree a plan to address any shortcomings.

6.2 WPP expects that, in all relevant circumstances, its Investment Managers will be signatories to the Principles for Responsible Investment ("PRI") and the Financial Reporting Council ("FRC") UK Stewardship Code.

6.3 WPP will engage with its Investment Managers on an ongoing basis to ensure that ESG factors are transparently reflected in decision making processes and that the approach taken to the management of ESG factors can be properly evidenced. WPP expects that such processes extend beyond reliance purely on third party ratings/data.

6.4 Within rules-based or index tracking mandates managed, WPP recognises the influence of benchmarks on the selection of assets. Where appropriate, WPP will work with its Investment Managers and Constituent Authorities to ensure that the potential implications and impact of ESG factors on different approaches are properly understood.

7 Stewardship

7.1 WPP believes that failing to exercise voting or other rights attached to assets could be contrary to the interest of the beneficiaries of the Constituent Authorities. WPP also believes that successful engagement with investee companies can protect and enhance the long-term value of the Constituent Authorities' investments within WPP.

7.2 WPP has appointed a Voting and Engagement provider ("the V&E Provider") to undertake proxy voting on all shares held within WPP sub-funds and to undertake direct engagement with companies on behalf of WPP.

Voting

7.3 WPP has agreed a voting policy with the V&E Provider which is responsible for casting votes on behalf of WPP. The WPP's Voting Policy is included in Appendix 1.

7.4 WPP recognises that its passive Investment Manager may adopt a single voting policy across their pooled funds and WPP will review the appropriateness of such a policy on a periodic basis. WPP will engage with its passive Investment Manager and V&E Provider to consider how WPP's voting policy can be extended to assets managed by its passive Investment Manager.

7.5 WPP will receive a report on all voting activity, including details of any votes which have not been cast and explanations where votes have not been cast in accordance with the agreed principles on a quarterly basis. WPP will discuss any issues of concern with its V&E Provider, Investment Managers or other delegates as necessary.

7.6 WPP will review the voting policy in conjunction with its V&E Provider, advisers and Investment Managers on an annual basis.

7.7 All the Constituent Authorities are members of the Local Authority Pension Fund Forum ("LAPFF"). As members, the Constituent Authorities receive LAPFF Alerts when there is a campaign to vote in a certain way. WPP and its Constituent Authorities has instructed its V&E Provider to give consideration to all such LAPFF Alerts and, where the V&E Provider considers it appropriate, to vote in line with the LAPFF Alert.

Stock lending

7.8 WPP has agreed that stock lending will be permitted within WPP's actively managed pooled funds, subject to consultation with Constituent Authorities in respect of each underlying sub-fund at the point of set up. However, WPP will not lend 100% of the holding in any single stock so WPP can express its views and make a policy stance on any topic it deems worthy though its right to vote.

7.9 WPP recognises that stock lending may inhibit the full application of its voting policy as votes may not be cast on stock on loan. WPP will continue to monitor the impact of this policy stance over time and revise its policy if required. WPP also retains the right to recall stock, if required, as part of its stock lending arrangements.

Shareholder engagement

7.10 WPP recognises the broader benefits of engagement on a range of thematic issues and has appointed a V&E Provider to undertake engagement on its behalf. WPP has agreed a set of engagement principles with the V&E Provider which will be reviewed on an annual basis.

7.11 WPP adopts an evidence-based approach to assessing engagement activity. WPP will receive a report on engagement activity undertaken by the V&E Provider on a quarterly basis. WPP will discuss any issues of concern with the V&E Provider.

7.12 WPP also considers that, in some cases, its Investment Managers will be well placed to engage with investee company management due to the existence of research relationships between the managers and underlying investee companies. In such cases, WPP expects that engagement activity will take place through this relationship and that its managers should be able to demonstrate, when challenged, the reason for any engagement activity and the objectives of the engagement. WPP will receive reporting on any engagement undertaken by its Investment Managers on an annual basis.

8 Collaboration

8.1 WPP believes that collaboration has an important role in helping the WPP achieve its RI objectives. In conjunction with its V&E Provider, WPP will continually assess potential collaboration opportunities and will inform and seek input from the Constituent Authorities on any such opportunity that it deems to be relevant.

8.2 WPP together with all Constituent Authorities are members of the Local Authorities Pension Fund Forum (LAPFF). LAPFF undertakes engagement with companies on behalf of all its members.

8.3 WPP has an ambition to work collaboratively with other like-minded investors and representative bodies in order to maximise the influence of WPP's assets on investee companies. In conjunction with its V&E Provider, WPP will seek to identify investor led responsible investment initiatives and collaborations that can be actively supported.

8.4 WPP will encourage underlying investment managers to participate in or support collaborative engagements where it is deemed to be in the best overall financial interests of Constituent Authorities.

8.5 WPP will continue to collaborate with the cross-pool RI collaboration project at any suitable opportunity.

9 Monitoring, Reporting and Measurement

9.1 WPP aims to be aware of, and monitor, financially material ESG-related risks and issues within WPP assets. In consultation with Constituent Authorities, Advisers and the Investment Managers, WPP will develop appropriate monitoring metrics for existing portfolios and agree appropriate metrics in respect of all new portfolios. Such metrics are expected to include climate-related risk exposures. WPP will require managers to include such metrics in their quarterly reporting to Constituent Authorities.

9.2 WPP requires that the responsible investment credentials of all appointed Investment Managers are subject to annual review. In conjunction with the relevant parties, the WPP will develop an appropriate reporting framework for its Investment Managers.

9.3 On an annual basis, the WPP will prepare and publish a report detailing the actions undertaken in fulfilment of this policy and the results achieved.

10 Other

10.1 WPP recognises the need for ongoing education for Constituent Authorities on a broad range of investment matters, including responsible investment. As part of its Annual Training Plan, WPP will ensure there is at least one formal training session is directly focused on Responsible Investment.

10.2 WPP is investigating, and will seek guidance from the Constituent Authorities, on whether it should become a signatory to the PRI and the updated FRC UK Stewardship Code. WPP will also explore

the possibility of incorporating the United Nations' Sustainable Development Goals into its RI beliefs and its monitoring and measurement mechanisms.

10.3 WPP expects that all investment managers employed on behalf of WPP will disclose costs in accordance with the SAB Code of Transparency.

10.4 WPP will review the adherence of all parties to this policy on an annual basis. WPP will publish the results of their assessment in a public report.

11 Further Information

11.1 If you require any further details on the RI Policy please contact WalesPensionPartnership@carmarthenshire.gov.uk and refer to the WPP website.

November 2020

Appendix E – Climate Risk Policy

WPP Climate Risk Policy

Introduction

- 1 The Wales Pension Partnership (“WPP”) is the pooling arrangement for the assets of the eight Welsh Local Government Pension Scheme funds (“Constituent Authorities”).
- 2 The investment arrangements of WPP are overseen by a Joint Governance Committee (“JGC”) and supported by an Officer Working Group (“OWG”) and implemented through pooled funds managed by its “Investment Managers”.
- 3 The Wales Pension Partnership (“WPP”) recognises that climate change represents a material financial risk to its stakeholders, the Constituent Authorities. Climate change has the potential to disrupt economic, financial and social systems.
- 4 The WPP is aware that climate change may result in mis-priced assets and unique investment opportunities. The WPP believes that its adherence to responsible investment policies and climate risk mitigation strategies will mean that it is well placed to identify and benefit from these potential investment opportunities for the benefit of its Constituent Authorities.
- 5 The potential impact on the WPP’s Constituent Authorities and their internal stakeholders (Scheme Members and Employers) is unknown, given policy uncertainty and the unknown physical impact from environmental systems. Risks to the Constituent Authorities arising from climate change include, but are not limited to:
 - 5.1 Physical risks: such as damage to property from flooding or lower precipitation giving rise to crop failure. Such impact could be felt directly by CA’s or through the impact on returns delivered to CA’s by WPP funds;
 - 5.2 Transition risks: being the financial risks arising from changes in policy and technology to adjust to a lower-carbon economy and the extent to which these flow through to the returns delivered to CA’s by WPP funds;
 - 5.3 Liability risks: being the potential costs arising from parties who have suffered loss or damage due to climate change seeking compensation from those they hold responsible.
- 6 This policy sets out the WPP’s approach to addressing the requirements of the Constituent Authorities in regard to climate related risks and the monitoring of these risks.
- 7 This policy will be reviewed by WPP on an annual basis and, if necessary, changes to the policy will be proposed to and agreed by the JGC and OWG. As part of the annual review process the WPP will take account of the evolving risk to and requirements of the Constituent Authorities.
- 8 This policy will have regard to the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and any relevant guidance provided by the Scheme Advisory Board (“SAB”), the Ministry of Housing Communities and Local Government (“MHCLG”), Intergovernmental Panel on Climate Change (“IPCC”). The policy will note Welsh Government guidance and the Well-being of Future Generations (Wales) Act 2015.

- 9 In maintaining and acting on this policy, the WPP will have an ongoing dialogue with its Operator, Investment Managers and Oversight Advisor. The WPP will also seek input from third parties where appropriate.

Beliefs

- 10 The WPP has established a set of climate-related beliefs, which underpin its approach to dealing with the potential risk arising from climate change, and the mechanism it provides to the Constituent Authorities to facilitate the management of their climate related risks. The WPP's beliefs are as follows:
- 10.1 Climate-related risks are systemic in nature and have the potential to impact the delivery of return from all asset classes and sectors to varying degrees. Such impact may be positive or negative.
 - 10.2 It is incumbent on WPP to identify potential sources of climate related risks in the development of any sub-fund and/or the procurement of any service from providers and, where necessary, seek to ensure such risks are appropriately managed and communicated to stakeholders.
 - 10.3 Solutions aimed at managing and mitigating climate-related risks can also provide opportunities to long term investors such as the WPP's Constituent Authorities;
 - 10.4 The WPP has appointed a specialist engagement services provider to directly engage with investee companies on a range of issues, including climate risk, to enhance the long-term value of the Constituent Authorities' investments within WPP. As part of its mandate, the WPP's engagement service provider will collaborate with other asset owners to maximise the effectiveness of the WPP's engagement activities. The WPP believes that collaboration with other asset owners and its investment managers can be an effective method for engaging with investee companies and raising awareness of climate-related issues.

Objectives

- 11 WPP's objective in preparing and implementing this policy is to:
- 11.1 demonstrate to its stakeholders that the WPP takes account of climate change and the climate-related risk associated with it;
 - 11.2 enable the Constituent Authorities to substantially implement their own climate risk policy and climate related targets and ambitions; and
 - 11.3 formally outline the actions that the WPP will be held accountable for by its stakeholders.
- 12 With regard to climate change, the WPP's own objective is to progressively reduce the likelihood that climate-related risks impact on the value or performance of the assets held within the WPP.
- 13 The Constituent Authorities are responsible for their own investment strategy, including their own Climate Risk Policy. The WPP will engage with the Constituent Authorities to fully understand their Climate Risk Policies and what implementation solutions they require to meet their policy commitments. The Constituent Authorities are aware that there may be additional costs associated with the WPP's facilitation of these investment solutions. The WPP and CAs will work together to find practical solutions to ensure that climate risk is being discussed and managed in the most suitable way
- 14 The WPP recognises that the Constituent Authorities will develop and maintain their own climate change objectives and policies.

Strategy

- 15 The WPP recognise that all assets have some level of exposure to climate-related risks, particularly transition risks, but that sector, geography, policy uncertainty and investment timeframes are key determinants of climate risk exposure.
- 16 Recognising its current investment arrangements and offerings, the WPP's immediate focus will be on climate-related risk exposure within its equity holdings. The WPP will however consider climate-related risks in other asset classes, for example fixed income, should circumstances allow or require them to do so. The WPP will endeavour to provide climate risk solutions across all of its sub-funds, including private market assets.
- 17 The WPP will provide a range of sub-funds and implementation solutions that allow the Constituent Authorities to achieve their own carbon reduction targets.
- 18 The WPP recognises the importance of monitoring exposure to climate related risks in different ways. One way the WPP will facilitate this is by monitoring the carbon risk exposure of each sub-fund to ensure that the Constituent Authorities have all available information at their disposal. The WPP will explore how best to assess climate risk exposures for each sub-fund. The WPP believes that external suppliers can be a cost-effective means of enhancing its climate risk exposure assessment capabilities, an analysis of current supplier offerings will be carried out on approval of this policy and at least annually thereafter. If a suitable supplier is identified, they will be appointed.
- 19 The WPP will consider the merits of undertaking scenario analysis around the potential economic impact of climate-related risks and seek means of collaborating with providers to share knowledge on this across all Constituent Authorities. However, the WPP notes that this is an evolving area, and such analysis is in its infancy. The WPP will endeavour to facilitate climate scenario analysis across assets held within WPP as an additional form of climate risk assessment to support the Constituent Authorities in integrating this assessment into their funding and investment strategies.
- 20 The WPP recognises that training and education is critical to achieving good outcomes for its stakeholders and will allocate resources to ensure that it undertakes regular training and education on climate risk. The WPP has committed to hosting at least one annual climate risk related training session for all its stakeholders. The WPP develops an annual training plan in conjunction with the Constituent Authorities this is the mechanism by which the WPP gauges the climate risk training requirements of its stakeholders.

Implementation

- 21 The WPP's approach to manager selection is set out in its Responsible Investment Policy. The WPP's sub-fund Investment Managers have delegated responsibility for challenging managers on their approaches to the consideration of climate risk as part of its manager selection process.
- 22 The WPP expects its Investment Manager to ensure that all underlying active managers integrate the consideration of climate-related risks into their investment process and to regularly challenge underlying managers to evidence their approach.
- 23 The WPP will work with its Investment Managers to ensure that they account for and integrate climate-related risks into their investment processes. The WPP recognizes that the effective management of climate-related risks within portfolios is important in ensuring alignment with the Paris climate accord goals and that each Investment Manager will have its own approach to account for and integrate climate-related risk into their investment process which will be assessed and appraised on appointment. The WPP, on at least an annual basis, will review that the Investment Manager's approach remains appropriate.

- 24 The WPP's approach to stewardship is set out in their Responsible Investment Policy. The WPP will emphasise the importance of engagement on climate-related risks through its voting and engagement service provider. In particular, the WPP will encourage its engagement service provider to engage with investee companies on climate-related issues, including an increase in the disclosure on climate-related risks by companies to investors.
- 25 The WPP is formulating its own Voting Policy and set of engagement principles which will outline how it will use its voting rights and how it will engage with investee companies. The WPP's proxy voting service provider is responsible for enacting these policies on behalf of the WPP.

Monitoring/Reporting

- 26 The WPP will monitor exposure to climate related risks within its equity sub-funds on a quarterly basis, considering metrics which may include, but are not limited to, exposure to fossil fuel producers and carbon reserves; overall carbon intensity and alignment with future climate pathways. The WPP will monitor changes in market practice to ensure that the WPP is fully aware of changing best practice and the feasibility of monitoring climate related risk within its non-equity sub-funds on at least an annual basis.
- 27 The WPP will require its Investment Managers to provide monitoring on climate-related risk exposure in their quarterly reports. The WPP will also require Investment Managers to include such metrics in their quarterly reporting to Constituent Authorities. As noted above, the WPP will initially expect their equity Investment Managers to provide this monitoring, with the expectation that its non-equity Investment Managers will provide this information as soon as sub-fund launches and market developments allow.
- 28 The WPP's proxy voting and engagement provider will be responsible for producing quarterly and annual reports on the WPP's voting and engagement activities. These reports will evidence how the WPP has used engagement and voting to manage its climate related risk.
- 29 The WPP has an ambition to report on progress on actions undertaken to address climate risk in line with the framework set out by the Taskforce for Climate-Related Financial Disclosures. The WPP intend that their first report will be in respect of the 2020/21 Financial year.

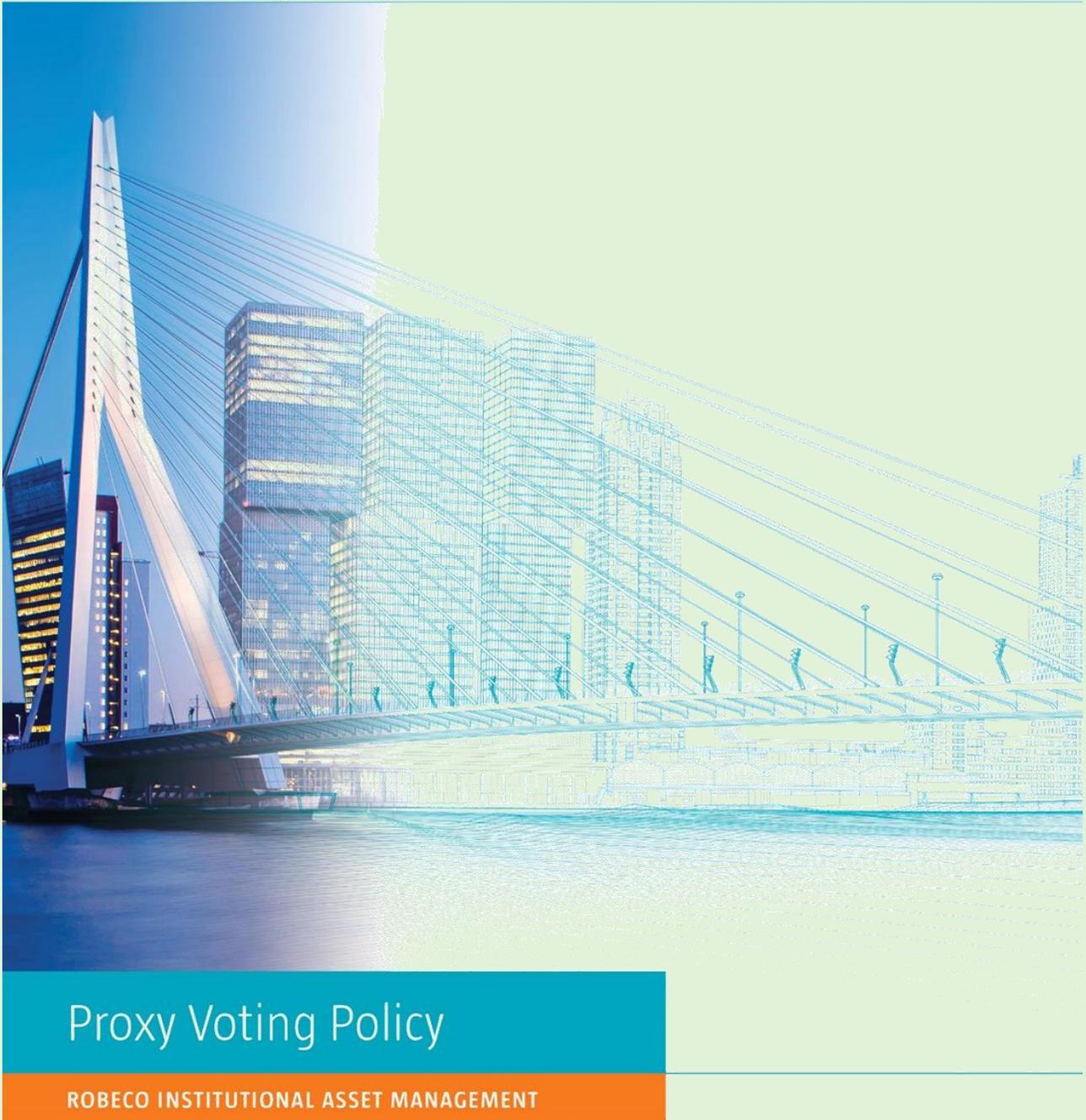
Transparency

- 30 The WPP will encourage, through its delegates, all investee companies to disclose in line with the requirements of the Taskforce for Climate Related Financial Disclosures.
- 31 On an annual basis, the WPP will prepare and publish a report detailing the actions undertaken in fulfilment of this policy and the results achieved.

June 2020

Appendix F – Voting Policy

ROBECO
The Investment Engineers



Sustainable Investing Expertise by
ROBECOSAM

Proxy Voting Principles

Robeco Institutional Asset Management (hereinafter: Robeco) actively advocates Sustainability Investing and are active owners. Robeco encourages good governance and sustainable corporate practices, which contribute to long-term shareholder value creation. Proxy voting is part of Robeco's Active Ownership approach. Robeco has adopted written procedures reasonably designed to ensure that we vote proxies in the best interest of our clients. The Robeco policy on corporate governance relies on the internationally accepted set of principles of the International Corporate Governance Network (ICGN). The ICGN principles have been revised in June 2014. The proxy voting policy is the standard policy for Robeco and applies to investment funds voted for RobecoSAM. For discretionary mandates Robeco can implement any proxy voting policy a client prefers.

Voting Guidelines

Financial statements and external auditors

1. Vote for approval of financial statements, director reports and auditor reports unless:
 - there are concerns on reliability of accounts or followed procedures
 - the company is unresponsive to shareholders' questions for information
 - there are concerns on the company's performance and shareholders do not have the opportunity to express their dissatisfaction through voting against appropriate proposals as they are not included on the agenda.
2. Vote for the appointment of (statutory) auditors and associated compensation unless:
 - the company is unresponsive to shareholders' requests for information
 - the auditor is changed suddenly and without good reason
 - Vote against when issues regarding the tenure, fees and independence of the audit are not in line with market best practice

Board of Directors

3. Vote for the election of a director nominated by management unless:
 - past performance of the nominee shows clear concerns, including repeated absence at board meetings, criminal behavior or breach of fiduciary responsibilities
 - the nominated director is an insider or affiliate to the company and the board is not sufficiently independent according to local standards
 - the board is not sufficiently independent according to local standards
 - a more suitable director nominated by shareholders is available for election
 - the board repeatedly shows unwillingness to implement good governance standards, such as persistently unacceptable compensation practices.
 - the nominee adds to a sub-standard composition compared to local best practices in terms of tenure, diversity, skills and external commitments.

- the board fails to meet legal requirements on gender diversity. In markets where there is no regulation, we will refrain from supporting the election of directors if the board has not made reasonable progress towards gender diversity according to local standards.
4. Vote for board directors nominated to the Audit Committee unless:
 - the Audit committee is not sufficiently independent according to local standards
 - the director lacks accounting knowledge or auditing experience, and the committee does not have at least one member with such relevant skills
 - there is concern about the quality of the audit, and the level and/or timing of the verification of the audited accounts.
 5. Vote for the election of a director nominated by shareholders unless:
 - past performance of the nominee shows clear concerns
 - a more suitable director nominated by management is available for election
 - In cases where too little information is disclosed, abstain from voting
 6. Vote for a fixed board size, unless it allows for an excessive number of members.
 7. Vote for declassification of the board
 8. Assess changes in board structure or size case by case
 9. Vote for discharge of board and management unless:
 - there are clear concerns about performance of board and management in the period under review
 - other shareholders take legal action against the board
 10. Vote against indemnification of executive directors or auditors

Remuneration

11. Assess compensation plans for executive directors case by case. Vote in favor for remuneration policy or its implementation unless:
 - the policy fails to align pay with performance
 - the remuneration structure places excessive focus on short term performance
 - disclosure on remuneration practices is insufficient and there are concerns of board accountability
 - remuneration is deemed excessive and bears a significant cost for shareholders

12. Vote against the remuneration policy or its implementation if any of the following occur:
 - performance targets are changed retrospectively
 - substantial one-off payments are made without performance criteria
 - golden handshakes
 - golden parachutes with single trigger
 - sign-on arrangements and severance packages that exceed market best practice
 - pension arrangements significantly out of step with broader workforce
 - bonus payments are made when company has made no profits in last two years
13. Vote for the proposed compensation of non-executive directors unless:
 - the amount of compensation is excessive by country or industry standards
 - the proposal includes retirement benefits
 - remuneration includes inappropriate incentives which might compromise the independent judgment of independent directors

Capital Management

14. Vote for the proposed allocation of income, unless:
 - the payout is not reflective of the company’s financial position
 - there is a concern that the return policy is not in the interest of shareholders
 - the company has a history of poor capital management
15. Assess proposals to approve debt issuance secured with company’s assets case by case
16. Assess proposals to increase debt or borrowing powers case by case
17. Vote for general issuance requests, unless:
 - issuance exceeds 100% of currently issued capital
 - issuance lacks a sufficient degree of pre-emptive rights
 - Issuance exceeds market best practice guidelines without proper justification
18. Vote for increases in authorized capital unless:
 - new authorization exceeds 100% of current authorization
 - new authorization bears no pre-emptive rights less than 30% of the new authorization is outstanding
 - the issuance exceeds market best practice guidelines without proper justification
19. Vote against issuance request of preferred stock with superior rights to common shares
20. Vote for share repurchase and re-issuance plans, unless:
 - the plan contains no safeguard against selective buybacks or re-issuance
 - there are concerns of abuse of repurchase and (selective) re-issuance plans
- transactions are carried out under unfavorable conditions for shareholders
21. Vote for reduction of capital requests, unless:
 - terms are unfavorable to shareholders
22. Vote for debt issuance proposals, unless:
 - the issuance is excessive given the company’s financial position
 - the issuance bears superior rights to common shares when converted

Mergers and acquisitions

23. Vote for mergers and acquisitions unless:
 - not enough information is available and/or provided to make an informed decision
 - voting rights, earnings distribution or any other shareholder rights are altered disproportionately
 - the structure following the merger or acquisition does not display good governance
 - the merger appears not to be in the best interest of shareholders
24. Assess proposals for reorganization and/or restructuring on a case-by-case basis

Shareholder rights

25. Assess amendments to the articles of associations or company’s charter on a case-by-case basis.
 - Vote against proposed changes that are not in the best interests of minority shareholders
26. Assess amendment of quorum requirement case by case
27. Vote for proposals to convert to a “one share, one vote” capital structure
28. Vote against a change of disclosure threshold of stock ownership other than 5% (SEC standard)
29. Vote for resolutions to change a company’s fiscal term, unless:
 - the motivation is to withhold shareholders’ information or voting power for instance by postponing the AGM
30. Vote against the introduction or renewal of all anti-takeover mechanisms, unless all of the following conditions are met:
 - the mechanism is designed to create long term value and continuity for all stakeholders
 - the mechanism is not permanent in nature
 - the mechanism is not designed to facilitate management entrenchment
 - the mechanism doesn’t allow for significant dilution or conflicts with shareholder interest
 - the company has a track record of good governance practices towards minority shareholders
 - a fully independent entity determines or has a veto with regards to the execution of the mechanism

- the company doesn't have any other anti-takeover mechanism in place
31. Vote against approval of items proposed by management for which information has not been disclosed
 32. Vote against bundled resolutions if one or more of the items create(s) significant concern for shareholders

Shareholder proposals

33. Assess shareholder proposals case by case:
 - Vote for proposals aiming to increase transparency on material ESG issues
 - Vote for proposals which enhance long term shareholder value creation
 - Vote for proposals which address material ESG risks, except when management and the board have demonstrated appropriate efforts to mitigate such risks in a transparent way

Social and environmental topics

Sustainability reporting

Appropriate disclosure of significant social and environmental risk factors that a business is exposed to is crucial for investors. It provides information on matters that might have a present or future impact on companies' value drivers, shareholder value creation and on the society and environment as a whole. Robeco supports sensible shareholder resolutions requesting companies to report on social and environmental policies that are material for their business.

Environmental management and climate change

For companies in high emitting sectors that do not sufficiently acknowledge the impact of climate change on their businesses, we would oppose the agenda item most appropriate for that issue. To that end, the nomination of the accountable board member takes precedence. Robeco also generally supports reasonable shareholder proposals that ask companies to prepare and plan for mitigating climate change risks. This includes but is not limited to resolutions requesting companies to review their energy efficiency and consider increasing the use of renewable energies.

Human capital management and diversity

Gender diversity enhances corporate governance, talent attraction and human capital development, which fosters value creation not only within companies, but also for stakeholders and society. Robeco usually supports reasonable shareholder resolutions requesting disclosure of specific diversity targets and disclosure on gender pay gaps within companies.

Political donations and lobbying contributions

Corporate transparency is key in understanding potential legal, reputational and subsequent investment risks which can arise from opaque lobbying practices and political donations. These expenses must be consistent with the company's sustainability strategy and should be aligned with the long-term interests of investors and other relevant stakeholders. Robeco generally supports sound shareholder proposals requesting companies to review their political spending and lobbying activities.

This policy provides a non-comprehensive guideline on how our voting principles are implemented. Proposals not covered by this policy shall be voted on a case-by-case basis.

ICGN Global Governance Principles

The principles stated below are an exact reproduction of the ICGN Global Governance Principles, revised June, 2014 (London, UK).

1.0 Responsibilities

1.1 Duties

The board should act on an informed basis and in the best interests of the company with good faith, care and diligence, for the benefit of shareholders, while having regard to relevant stakeholders.

1.2 Responsibilities

The board is accountable to shareholders and relevant stakeholders and is responsible for protecting and generating sustainable value over the long term. In fulfilling their role effectively, board members should:

- a) guide, review and approve corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments;
- b) monitor the effectiveness of the company's governance practices, environmental practices, and social practices, and adhere to applicable laws;
- c) embody high standards of business ethics and oversee the implementation of codes of conduct that engender a corporate culture of integrity;
- d) oversee the management of potential conflicts of interest, such as those which may arise around related party transactions;
- e) oversee the integrity of the company's accounting and reporting systems, its compliance with internationally accepted standards, the effectiveness of its systems of internal control, and the independence of the external audit process;
- f) oversee the implementation of effective risk management and proactively review the risk management approach and policies annually or with any significant business change;
- g) ensure a formal, fair and transparent process for nomination, election and evaluation of directors;
- h) appoint and, if necessary, remove the chief executive officer (CEO) and develop succession plans;
- i) align CEO and senior management remuneration with the longer term interests of the company and its shareholders; and
- j) conduct an objective board evaluation on a regular basis, consistently seeking to enhance board effectiveness.

1.3 Dialogue

The board should make available communication channels for periodic dialogue on governance matters with shareholders and stakeholders as appropriate. Boards should clearly explain such procedures to shareholders including guidance relating to compliance with disclosure and other relevant market rules.

1.4 Commitment

The board should meet regularly to discharge its duties and directors should allocate adequate time to board meeting preparation and attendance. Board members should know the business, its operations and senior management well enough to contribute effectively to board discussions and decisions.

1.5 Directorships

The number, and nature, of board appointments an individual director holds (particularly the chair and executive directors) should be carefully considered and reviewed on a regular basis and the degree to which each individual director has the capacity to undertake multiple directorships should be clearly disclosed.

1.6 Induction

The board should have in place a formal process of induction for all new directors so that they are well-informed about the company as soon as possible after their appointment.

Directors should also be enabled to regularly refresh their skills and knowledge to discharge their responsibilities.

1.7 Committees

The board should establish committees to deliberate on issues such as audit, remuneration and nomination. Where the board chooses not to establish such committees, the board should disclose the fact and the procedures it employs to discharge its duties and responsibilities effectively.

1.8 Advice

The board should receive advice on its responsibilities under relevant law and regulation, usually from the company secretary or an in-house general counsel. In addition, the board should have access to independent advice as appropriate and at the company's expense.

2.0 Leadership and independence

2.1 Chair and CEO

The board should have independent leadership. There should be a clear division of responsibilities between the chairmanship of the board and the executive management of the company's business.

2.2 Lead independent director

The chair should be independent on the date of appointment. If the chair is not independent, the company should adopt an appropriate structure to mitigate any potential challenges arising from this, such as the appointment of a lead independent director. The board should explain the reasons why this leadership structure is appropriate and keep the structure under review. A lead independent director also provides shareholders and directors with a valuable channel of communication should they wish to discuss concerns relating to the chair.

2.3 Succession

If, exceptionally, the board decides that a CEO should succeed to become chair, the board should communicate appropriately with shareholders in advance setting out a convincing rationale and provide detailed explanation in the annual report. Unless extraordinary circumstances exist there should be a break in service between the roles, (e.g. a period of two years).

2.4 Effectiveness

The chair is responsible for leadership of the board and ensuring its effectiveness. The chair should ensure a culture of openness and constructive debate that allows a range of views to be expressed. This includes setting an appropriate board agenda and ensuring adequate time is available for discussion of all agenda items. There should also be opportunities for the board to hear from an appropriate range of senior management.

2.5 Independence

The board should identify in the annual report the names of the directors considered by the board to be independent and who are able to exercise independent judgement free from any external influence. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- a) is or has been employed in an executive capacity by the company or a subsidiary and there has not been an appropriate period between ceasing such employment and serving on the board;
- b) is or has within an appropriate period been a partner, director or senior employee of a provider of material professional or contractual services to the company or any of its subsidiaries;
- c) receives or has received additional remuneration from the company apart from a director's fee, participates in the company's share option plan or a performance-related pay scheme, or is a member of the company's pension scheme;
- d) has or had close family ties with any of the company's advisers, directors or senior management;
- e) holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- f) is a significant shareholder of the company, or an officer of, or

- otherwise associated with, a significant shareholder of the company;
- g) is or has been a nominee director as a representative of minority shareholders or the state;
- h) has been a director of the company for such a period that his or her independence may have become compromised.

2.6 Independent meetings

The chair should regularly hold meetings with the non-executive directors without executive directors present. In addition, the non-executive directors (led by the lead independent director) should meet as appropriate, and at least annually, without the chair present.

3.0 Composition and appointment

3.1 Composition

The board should comprise a majority of non-executive directors, the majority of whom are independent, noting that practice may legitimately vary from this standard in controlled companies where a critical mass of the board is preferred to be independent. There should be a sufficient mix of individuals with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenge, discussion and objective decision-making.

3.2 Diversity

The board should disclose the company's policy on diversity which should include measurable targets for achieving appropriate diversity within its senior management and board (both executive and non-executive) and report on progress made in achieving such targets.

3.3 Tenure

Non-executive directors should serve for an appropriate length of time to properly serve the board without compromising the independence of the board. The length of tenure of each director should be reviewed regularly by the nomination committee to allow for board refreshment and diversity.

3.4 Appointment process

The board should disclose the process for director nomination and election / re-election along with information about board candidates which includes:

- a) board member identities and rationale for appointment;
- b) core competencies, qualifications, and professional background;
- c) recent and current board and management mandates at other companies, as well as significant roles on non-profit/ charitable organisations;
- d) factors affecting independence, including relationship/s with controlling shareholders;
- e) length of tenure;
- f) board and committee meeting attendance; and
- g) any shareholdings in the company.

3.5 Nominations

The board should ensure that shareholders are able to nominate candidates for board appointment. Such candidacies should be proposed to the appropriate board committee and, subject to an appropriate nomination threshold, be nominated directly on the company's proxy.

3.6 Elections

Board members should be conscious of their accountability to shareholders. Accountability mechanisms may require directors to stand for election on an annual basis or to stand for election at least once every three years. Shareholders should have a separate vote on the election of each director, with each candidate approved by a simple majority of shares voted.

3.7 Evaluation

The nomination committee should evaluate the process for a rigorous review of the performance of the board, the company secretary (where such a position exists), the board's committees and individual directors prior to being proposed for re-election. The board should also periodically (preferably every three years) engage an independent outside consultant to undertake the evaluation. The non-executive directors, led by the lead independent director, should be responsible for performance evaluation of the chair, taking into account the views of executive officers. The board should disclose the process for evaluation and, as far as reasonably possible, any material issues of relevance arising from the conclusions and any action taken as a consequence.

3.8 Nomination committee

The board should establish a nomination committee comprised of non-executive directors, the majority of whom are independent. The main role and responsibilities of the nomination committee should be described in the committee's terms of reference. This includes:

- a) developing a skills matrix, by preparing a description of the desired roles, experience and capabilities required for each appointment, and then evaluating the composition of the board.
- b) leading the process for board appointments and putting forward recommendations to shareholders on directors to be elected and re-elected;
- c) upholding the principle of director independence by addressing conflicts of interest (and potential conflicts of interest) among committee members and between the committee and its advisors during the nomination process;
- d) considering and being responsible for the appointment of independent consultants for recruitment or evaluation including their selection and terms of engagement and publically disclosing their identity and consulting fees;
- e) entering into dialogue with shareholders on the subject of board nominations either directly or via the board; and
- f) board succession planning.

4.0 Corporate culture

4.1 Codes of conduct /ethics

The board should adopt high standards of business ethics through codes of conduct/ ethics (or similar instrument) and oversee a culture of integrity, notwithstanding differing ethical norms and legal standards in various countries. This should permeate all aspects of the company's operations, ensuring that its vision, mission and objectives are ethically sound and demonstrative of its values. Codes should be effectively communicated and integrated into the company's strategy and operations, including risk management systems and remuneration structures.

4.2 Bribery and corruption

The board should ensure that management has implemented appropriately stringent policies and procedures to mitigate the risk of bribery and corruption or other malfeasance. Such policies and procedures should be communicated to shareholders and other interested parties.

4.3 Whistleblowing

The board should ensure that the company has in place an independent, confidential mechanism whereby an employee, supplier or other stakeholder can (without fear of retribution) raise issues of particular concern with regard to potential or suspected breaches of a company's code of ethics or local law.

4.4 Political lobbying

The board should have a policy on political engagement, covering lobbying and donations to political causes or candidates where allowed under law, and ensure that the benefits and risks of the approach taken are understood, monitored, transparent and regularly reviewed.

4.5 Employee share dealing

The board should develop clear rules regarding any trading by directors and employees in the company's own securities. Individuals should not benefit directly or indirectly from knowledge which is not generally available to the market.

4.6 Behaviour and conduct

The board should foster a corporate culture which ensures that employees understand their responsibility for appropriate behaviour. There should be appropriate board level and staff training in all aspects relating to corporate culture and ethics. Due diligence and monitoring programmes should be in place to enable staff to understand relevant codes of conduct and apply them effectively to avoid company involvement in inappropriate behaviour.

5.0 Risk oversight

5.1 Proactive oversight

The board should proactively oversee, review and approve the approach to risk management regularly or with any significant business change and satisfy itself that the approach is functioning effectively. Strategy and risk are inseparable and should permeate all board discussions and, as such, the board should consider a range of plausible outcomes that could result from its decision-making and actions needed to manage those outcomes.

5.2 Comprehensive approach

The board should adopt a comprehensive approach to the oversight of risk which includes all material aspects of risk including financial, strategic, operational, environmental, and social risks (including political and legal ramifications of such risks), as well as any reputational consequences.

5.3 Risk culture

The board should lead by example and foster an effective risk culture that encourages openness and constructive challenge of judgements and assumptions. The company's culture with regard to risk and the process by which issues are escalated and de-escalated within the company should be evaluated at intervals as appropriate to the situation.

5.4 Dynamic process

The board should ensure that risk is appropriately reflected in the company's strategy and capital allocation. Risk should be managed accordingly in a rational, appropriately independent, dynamic and forward-looking way. This process of managing risks should be continual and include consideration of a range of plausible impacts.

5.5 Risk committee

While ultimate responsibility for a company's risk management approach rests with the full board, having a risk committee (be it a stand-alone risk committee, a combined risk committee with nomination and governance, strategy, audit or other) can be an effective mechanism to bring the transparency, focus and independent judgement needed to oversee the company's risk management approach.

6.0 Remuneration

6.1 Alignment

Remuneration should be designed to effectively align the interests of the CEO and senior management with those of the company and its shareholders. Remuneration should be reasonable and equitable and the quantum should be determined within the context of the company as a whole.

6.2 Performance

Performance measurement should integrate risk considerations so that

there are no rewards for taking inappropriate risks at the expense of the company and its shareholders. Performance related elements should be rigorous and measured over timescales, and with methodologies, which help ensure that performance pay is directly correlated with sustained value creation. Companies should include provisions in their incentive plans that enable the company to with-hold the payment of any sum, or recover sums paid ('clawback'), in the event of serious misconduct or a material misstatement in the company's financial statements.

6.3 Disclosure

The board should disclose a clear, understandable and comprehensive remuneration policy which is aligned with the company's long-term strategic objectives. The remuneration report should also describe, on an individual basis, how awards granted to senior management and the CEO were determined and deemed appropriate in the context of the company's underlying performance in any given year. This extends to non-cash item such as director and officer insurance, fringe benefits and terms of severance packages if any.

6.4 Share ownership

The board should disclose the company policy concerning ownership of shares by the CEO and senior management. This should include the company policy as to how share ownership requirements are to be achieved and for how long they are to be retained. The use of derivatives or other structures that enable the hedging of an individual's exposure to the company's shares should be discouraged.

6.5 Shareholder approval

Shareholders should have an opportunity to vote on the remuneration policies, particularly where significant change to remuneration structures is proposed or where significant numbers of shareholders have opposed a remuneration resolution. In particular, share-based remuneration plans should be subject to shareholder approval before being implemented.

6.6 Employee incentives

The board should ensure that the development of remuneration structures for company employees reinforce, and do not undermine, sustained value creation. Performance-based remuneration for staff should incorporate risk, including measuring risk-adjusted returns, to help ensure that no inappropriate or unintended risks are being incentivised. While a major component of most employee incentive remuneration is likely to be cash-based, these programmes should be designed and implemented in a manner consistent with the company's long-term performance drivers.

6.7 Non-executive director pay

The board should ensure that pay for a non-executive director and/or a nonexecutive chair is structured in a way which ensures independence, objectivity, and alignment with shareholders' interests. Performance-

based pay should not be granted to non-executive directors and non-executive chairs.

6.8 Remuneration committee

The board should establish a remuneration committee comprised of non-executive directors, the majority of whom are independent. The main role and responsibilities of the remuneration committee should be described in the committee terms of reference. This includes:

- a) determining and recommending to the board the remuneration philosophy and policy of the company;
- b) designing, implementing, monitoring and evaluating short-term and long-term share-based incentives and other benefits schemes including pension arrangements, for the CEO and senior management;
- c) ensuring that conflicts of interest among committee members and between the committee and its advisors are avoided;
- d) appointing any independent remuneration consultant including their selection and terms of engagement and disclosing their identity and consulting fees; and
- e) maintaining appropriate communication with shareholders on the subject of remuneration either directly or via the board.

7.0 Reporting and audit

7.1 Comprehensive disclosure

The board should present a balanced and understandable assessment of the company's position and prospects in the annual report and accounts in order for shareholders to be able to assess the company's performance, business model, strategy and long-term prospects.

7.2 Materiality

The board should disclose relevant and material information on a timely basis so as to allow shareholders to take into account information which assists in identifying risks and sources of wealth creation. Issues material to shareholder should be set out succinctly in the annual report, or equivalent disclosures, and approved by the board itself.

7.3 Affirmation

The board should affirm that the company's annual report and accounts present a true and fair view of the company's position and prospects. As appropriate, taking into account statutory and regulatory obligations in each jurisdiction, the information provided in the annual report and accounts should:

- a) be relevant to investment decisions, enabling shareholders to evaluate risks, past and present performance, and to draw inferences regarding future performance;
- b) enable shareholders, who put up the risk capital, to fulfil their responsibilities as owners to assess company management and the strategies adopted;

- c) be a faithful representation of the events it purports to represent;
- d) generally be neutral and report activity in a fair and unbiased way except where there is uncertainty. Prudence should prevail such that assets and income are not overstated and liabilities and expenses are not understated. There should be substance over form. Any off-balance sheet items should be appropriately disclosed;
- e) be verifiable so that when a systematic approach and methodology is used the same conclusion is reached;
- f) be presented in a way that enables comparisons to be drawn of both the entity's performance over time and against other entities; and
- g) recognise the 'matching principle' which requires that expenses are matched with revenues.

7.4 Solvency risk

The board should confirm in the annual report that it has carried out a robust assessment of the state of affairs of the company and any material risks, including to its solvency and liquidity that would threaten its viability. The board should state whether, in its opinion, the company will be able to meet its liabilities as they fall due and continue in operation for the foreseeable future, explaining any supporting assumptions and risks or uncertainties relevant to that and how they are being managed. In particular, disclosure on risk should include a description of:

- a) risk in the context of the company's strategy;
- b) risk to returns expected by shareholders with a focus on key consequences;
- c) risk oversight approach and processes;
- d) how lessons learnt have been applied to improve future outcomes; and
- e) the principal risks to the company's business model and the achievement of its strategic objectives, including risks that could threaten its viability.

7.5 Non-financial information

The board should provide an integrated report that puts historical performance into context, and portrays the risks, opportunities and prospects for the company in the future, helping shareholders understand a company's strategic objectives and its progress towards meeting them. Such disclosures should:

- a) be linked to the company's business model;
- b) be genuinely informative and include forward-looking elements where this will enhance understanding;
- c) describe the company's strategy, and associated risks and opportunities, and explain the board's role in assessing and overseeing strategy and the management of risks and opportunities;
- d) be accessible and appropriately integrated with other information that enables shareholders to obtain a picture of the whole company;
- e) use key performance indicators that are linked to strategy and facilitate comparisons;
- f) use objective metrics where they apply and evidence-based estimates

- where they do not; and
- g) be strengthened where possible by independent assurance that is carried out annually having regard to established disclosure standards.

7.6 Internal controls

The board should oversee the establishment and maintenance of an effective system of internal control which should be measured against internationally accepted standards of internal audit and tested periodically for its adequacy. Where an internal audit function has not been established, full reasons for this should be disclosed in the annual report, as well as an explanation of how adequate assurance of the effectiveness of the system of internal controls has been obtained.

7.7 Independent external audit

The board should publish the report from the external auditor which should provide an independent and objective opinion whether the accounts give a true and fair view of the financial position and performance of the company. The engagement partner should be named in the audit report and the company should publish its policy on audit firm rotation. If the auditor resigns then the reasons for the resignation should be publicly disclosed by the resigning auditor.

7.8 Non-audit fees

The audit committee should, as far as practicable, approve any non-audit services provided by the external auditor and related fees to ensure that they do not compromise auditor independence. The non-audit fees should be disclosed in the annual report with explanations where appropriate. Non-audit fees should normally be less than the audit fee and, if not, there should be a clear explanation as to why it was necessary for the auditor to provide these services and how the independence and objectivity of the audit was assured.

7.9 Audit committee

The board should establish an audit committee comprised of non-executive directors, the majority of whom are independent. At least one member of the audit committee should have recent and relevant financial experience. The chair of the board should not be the chair of the audit committee, other than in exceptional circumstances which should be explained in the annual report. The main role and responsibilities of the audit committee should be described in the committee's terms of reference. This includes:

- a) monitoring the integrity of the accounts and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgements contained in them;
- b) maintaining oversight of key accounting policies and accounting judgements which should be in accordance with generally accepted international accounting standards, and disclosing such policies in the notes to the company's accounts;

- c) agreeing the minimum scope of the audit as prescribed by applicable law and any further assurance that the company needs. Shareholders (who satisfy a reasonable threshold shareholding) should have the opportunity to expand the scope of the forthcoming audit or discuss the results of the completed audit should they wish to;
- d) assuring itself of the quality of the audit carried out by the external auditors and assessing the effectiveness and independence of the auditor each year. This includes overseeing the appointment, reappointment and, if necessary, the removal of the external auditor and the remuneration of the auditor. There should be transparency in advance when the audit is to be tendered so that shareholders can engage with the company in relation to the process should they so wish;
- e) having appropriate dialogue with the external auditor without management present and overseeing the interaction between management and the external auditor, including reviewing the management letter provided by the external auditors and overseeing management's response; and
- f) reporting on its work and conclusions in the annual report.

8.0 General meetings

8.1 Shareholder identification

The board should ensure that the company maintains a record of the registered owners of its shares or those holding voting rights over its shares. Registered shareholders, or their agents, should provide the company (where anonymity rules do not preclude this) with the identity of beneficial owners or holders of voting rights when requested in a timely manner. Shareholders should be able to review this record of registered owners of shares or those holding voting right over shares.

8.2 Notice

The board should ensure that the general meeting agenda is posted on the company's website at least one month prior to the meeting taking place. The agenda should be properly itemised and include the date and location of the meeting as well as information regarding the issues to be decided at the meeting.

8.3 Vote deadline

The board should clearly publicise a date by which shareholders should cast their voting instructions. The practice of share blocking or requirements for lengthy share holdings should be discontinued.

8.4 Vote mechanisms

The board should promote efficient and accessible voting mechanisms that allow shareholders to participate in general meetings either in person or remotely, preferably by electronic means or by post, and should not impose unnecessary hurdles.

8.5 Vote disclosure

The board should ensure that equal effect is given to votes whether cast in person or in absentia and all votes should be properly counted and recorded via ballot. The outcome of the vote, the vote instruction (reported separately for, against or abstain) and voting levels for each resolution should be published promptly after the meeting on the company website.

If a board-endorsed resolution has been opposed by a significant proportion of votes, the company should explain subsequently what actions were taken to understand and respond to the concerns that led shareholders to vote against the board's recommendation.

9.0 Shareholder rights

9.1 Share classes

The board should disclose sufficient information about the material attributes of all of the company's classes and series of shares on a timely basis. Ordinary or common shares should feature one vote for each share. Divergence from a 'one-share, one-vote' standard which gives certain shareholders power disproportionate to their economic interests should be disclosed and explained. Dual class share structures should be kept under review and should be accompanied by commensurate extra protections for minority shareholders, particularly in the event of a takeover bid.

9.2 Major decisions

The board should ensure that shareholders have the right to vote on major decisions which may change the nature of the company in which they have invested. Such rights should be clearly described in the company's governing documents and include:

- a) amendments to governing documents of the company such as articles or bylaws;
- b) company share repurchases (buybacks);
- c) any new share issues. The board should be mindful of dilution of existing shareholders and provide full explanations where pre-emption rights are not offered;
- d) shareholder rights plans ('poison pills') or other structures that act as anti-takeover mechanisms. Only non-conflicted shareholders should be entitled to vote on such plans and the vote should be binding. Plans should be time limited and put periodically to shareholders for re-approval;
- e) proposals to change the voting rights of different series and classes of shares; and
- f) material and extraordinary transactions such as mergers and acquisitions.

9.3 Conflicts of interest

The board should ensure that policies and procedures on conflicts of interest are established, understood and implemented by directors,

management, employees and other relevant parties. If a director has an interest in a matter under consideration by the board, then the director should promptly declare such an interest and be precluded from voting on the subject or exerting influence.

9.4 Related party transactions

The board should disclose the process for reviewing and monitoring related party transactions which, for significant transactions, includes establishing a committee of independent directors. This can be a separate committee or an existing committee comprised of independent directors, for example the audit committee. The committee should review significant related party transactions to determine whether they are in the best interests of the company and, if so, to determine what terms are fair and reasonable. The conclusion of committee deliberations on significant related party transactions should be disclosed in the company's annual report to shareholders.

9.5 Shareholder approval

Shareholders should have the right to approve significant related party transactions and this should be based on the approval of a majority of disinterested shareholders. The board should submit the transaction for shareholder approval and disclose (both before concluding the transaction and in the company's annual report):

- a) the identity of the ultimate beneficiaries including, any controlling owner and any party affiliated with the controlling owner with any direct / indirect ownership interest in the company;
- b) other businesses in which the controlling shareholder has a significant interest; and
- c) shareholder agreements (e.g. commitments to related party payments such as licence fees, service agreements and loans).

9.6 Shareholder questions

The board should allow a reasonable opportunity for the shareholders at a general meeting to ask questions about or make comments on the management of the company, and to ask the external auditor questions related to the audit.

9.7 Shareholder resolutions

The board should ensure that shareholders have the right to place items on the agenda of general meetings, and to propose resolutions subject to reasonable limitations. Shareholders should be enabled to work together to make such a proposal.

9.8 Shareholder meetings

The board should ensure that shareholders, of a specified portion of its outstanding shares or a specified number of shareholders, have the right to call a meeting of shareholders for the purpose of transacting the legitimate business of the company.

9.9 Thresholds

Any threshold associated with shareholder resolutions, shareholder proposals or other such participation, should balance the need to ensure the matter under consideration is likely to be of importance to all shareholders and not only a small minority.

9.10 Equality and redress

The board should ensure that shareholders of the same series or class are treated equally and afforded protection against abusive or oppressive conduct by the company or its management, including market manipulation, false or misleading information, material omissions and insider trading. Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress. Proper remedies and procedural rules should be put in place to make the protection effective and affordable. Where national legal remedies are not afforded the board is encouraged to ensure that sufficient shareholder protections are provided in the company's bylaws.

Proxy Voting Execution

The proxy voting process imposes several practical issues, that are considered by Robeco to determine if casting proxy votes is in the best interest of the beneficial owner. The most important considerations are discussed below.

1.0 Costs associated with proxy voting

Robeco exercises its voting rights for all of its listed funds that have direct equity investments. Only when the costs of proxy voting incur direct significant costs that could affect portfolio performance, proxy voting might not be exercised. Direct costs are those that are directly charged to an investment fund and affects the performance of the fund. For Robeco listed fund cost estimations are performed on an annual basis. The RIAM executive committee approves for which funds voting should be implemented taking these cost considerations into account. For discretionary investment mandates voting preferences are discussed with beneficial owner.

2.0 Share blocking markets

In several markets proxy voting requires share blocking. This means that trading shares is prohibited after sending a voting instruction for an equity position. In these markets Robeco votes proxies when the agenda contains a controversial item and the number of stocks have a noticeable effect on the approval percentages. In these cases, on a general basis Robeco votes 80% of the equity position. The remaining 20% facilitates ad-hoc trading, if necessary.

3.0 Securities lending

Robeco has a securities lending program for several of its listed mutual funds. When shares are on loan, Robeco is contractually unable to exercise voting rights for these shares.

For our public funds we review if shares are out on loan for upcoming shareholder meetings. The decision to recall shares, depends on two main guidelines. 1) In principle we aim to vote all of our equity position, with at least the majority of that stake. 2) In certain cases recalling shares for an even higher percentage is desired when

1. The company is a significant holding
2. The company is subject to our engagement program and / or engagement has proven unsuccessful thus far and
3. The agenda for the shareholder meeting contains a controversial proposal.

Robeco's securities lending program is monitored by our lending agent for the misuse of voting rights.

4.0 Use of Proxy Advisors

Robeco uses a proxy voting platform and proxy voting recommendations for all of the meetings which we vote. Our proxy voting advisor (Glass Lewis. Co) provides voting recommendations based upon Robeco's custom

voting policy. A Robeco team of dedicated voting analysts then analyze the merit of each agenda item. This analysis, based upon Robeco's voting policy takes precedence over the recommendations of the proxy voting advisor. This means Robeco's instructions often deviate from the recommendations of both management and the proxy advisor.

On a at least annual basis, we evaluate our proxy voting agent, on the quality of governance research and the alignment of (customized) voting recommendations and Robeco's voting policy. This review is part of Robeco's control framework and is externally assured.

Contact

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Appendix G – Responsible Investment Sub-Group – Terms of Reference

Wales Pension Partnership Responsible Investment Sub-Group (“the Group”) Terms of Reference

1. The role of the Group is to support the development and implementation of the responsible investment and climate change policies of the Wales Pension Partnership (WPP). To that end, the Group will:
 - 1.1 Formulate an Annual WPP Responsible Investment Workplan that will allow the WPP to progress its RI objectives;
 - 1.2 Work with WPP’s appointed investment managers, Voting and Engagement provider, advisers and other service providers to ensure that WPPs responsible investment and climate change policies can be effectively implemented;
 - 1.3 Develop practices for monitoring and reporting on responsible investment issues to fulfil WPP’s obligations to its stakeholders;
 - 1.4 Monitor responsible investment activity, including ESG metrics and voting and engagement records and provide or direct challenge as necessary;
 - 1.5 Consider market and regulatory developments to ensure that evolving best practice can be taken into account by WPP; and
 - 1.6 Engage with LGPS Funds, LGPS Pools, the Cross Pool Responsible Investment Group, Asset Owners and other parties as necessary to achieve WPP’s goals on collaboration.
 - 1.7 Represent the WPP on RI matters, which will include acting as a spokesperson in external forums.
2. The Group will comprise representatives from at least three Constituent Authorities plus representatives from both the Host Authority and the Oversight Adviser.
3. The Group will liaise and assist the Host Authority on the administration, progression and implementation of all relevant RI matters.
4. The Group will appoint a Chair from its membership, this role will be reviewed biennially.
5. The Group will have at least four meetings each year but will meet as often as deemed necessary in order to progress its objectives.
6. The Group may invite representatives from other parties to attend meetings in order to support the achievement of its objectives.
7. The Group will report to and advise the Officers Working Group (OWG) and Joint Governance Committee (JGC) on any changes to WPP’s policies or implementation approach that may be necessary to ensure that WPP’s goals can be met.
8. The Group will undertake an annual review of its role and terms of reference and will put forward any amendments or alternations for OWG approval.

October 2020

Appendix H – Conflict of Interest and Procedure Policy

Conflicts of Interest and Procedure Policy (“Policy”)

Introduction

1. This policy sets out principles which the Joint Governance Committee (“JGC”), Officer Working Group (“OWG”), Host Authority, collectively referred to as “WPP Personnel”, alongside advisors and suppliers (“Providers”) are expected to follow for the purpose of identifying, managing and monitoring conflicts of interest in relation to their duty they carry out for the Wales Pension Partnership (“WPP”).
2. The Constituent Authorities of the WPP have always had to identify, manage and monitor conflicts of interest. The process of Local Government Pension Scheme (“LGPS”) pooling has resulted in the Wales Pension Partnership also having to deal with the existence of conflicts of interests. This simply reflects the fact that WPP Personnel and Providers will have a variety of other roles and responsibilities, for example as members of the Constituent Authority Schemes or as an adviser to more than one of the WPP’s Constituent Authorities.
3. The WPP has a fiduciary and legal duty to act in the best interest of the WPP’s stakeholders and beneficiaries, but this does not preclude WPP Personnel and Providers from having other roles or responsibilities which may result in a conflict of interest. It is important that good governance principles are followed and that a conflict of interest and procedure policy, such as this, is put in place to outline how conflicts are identified, managed and monitored,
4. WPP’s objective in preparing and implementing this policy is to be able to:
 - 4.1 demonstrate its commitment to identifying, managing and monitoring conflicts of interest.
 - 4.2 adherence to the WPP’s belief that good governance and transparency will deliver superior outcomes for WPP stakeholders.
 - 4.3 continue the WPP’s creation of a decision making and governance framework that is focussed on achieving the best outcomes for the WPP’s stakeholders.
5. The WPP has adopted a definition of conflicts of interest which includes potential, perceived and actual conflicts. The WPP understands that it may not be possible to identify, manage and monitor all potential and perceived conflicts of interest, however it will endeavour to identify, manage and monitor these conflicts where possible.
6. WPP recognises that a failure to manage conflicts of interest poses a material risk to the WPP, the consequences of which may include decisions that are not in the best interests of the WPP’s stakeholders, the WPP reputation being negatively impacted and referral to regulatory bodies. There are a number of factors that need to be monitored and managed to allow for the successful implementation of this Policy, these include:
 - 6.1 Effective communication of the responsibilities outlined in this policy.
 - 6.2 Clear identification and ownership of the roles outlined in this policy.
 - 6.3 Suitable training and understanding of the roles and responsibilities outlined in this policy.

7. This Policy is designed to provide guidance to WPP Personnel and Providers, its aims are to ensure that WPP Personnel and Providers do not act improperly. This policy has been developed by WPP in consultation with the Constituent Authorities. A list of WPP Personnel and Providers is publicly available of the WPP website.
8. This Policy is reflective of the WPP's belief that good governance and greater transparency will improve the decision-making process and deliver superior outcomes for WPP stakeholders. The WPP must endeavour to be aware of conflicts of interest and have procedures in place to manage them. This Policy outlines the procedures that WPP have adopted to do this.
9. The Host Authority will be responsible for monitoring conflicts of interest and ensuring that all WPP Personnel and Providers are aware and follow this policy. The Host Authority will collate declarations of conflict, formulate and maintain a conflict of interests register.
10. The WPP recognises that training and education is critical to achieving good outcomes and will allocate resources to ensure that it undertakes regular training and education on identifying, managing and monitoring conflicts of interest.
11. Please note that this Policy is focused solely on conflicts of interest that may arise from the work that WPP Personnel or Providers carry out on behalf of the WPP. The WPP's Constituent Authorities remain responsibility for managing the conflicts of interest that WPP Personnel or Providers may encounter when carrying out work at a Constituent Authority level. Alongside meeting the requirements and expectation of this Policy, WPP Personnel and Providers should continue to adhere to any other conflict of interest management policies that they are subject to, this may include Constituent Authority or company policies and other relevant codes of conducts.
12. The WPP's Conflicts of Interest and Procedure Policy will be formally reviewed by the OWG, and updated if required, on an annual basis. However, the Policy may be reviewed or amended more frequently if the WPP needs to take account of relevant guidance or regulations. The WPP's Policy will be an annual JGC agenda item, this will ensure that the WPP provides full transparency of its conflicts of interest at least annually.

Definition & Interpretation

13. The WPP, in formulating this Policy, has been guided by the basic principle of a conflicts of interest – 'a man must not put himself in a position where duty and interest conflict or where his duty to one conflicts with his duty to another unless expressly authorised' (High Court case of Re Thompson's Settlement [1986]).
14. The WPP has adopted the Public Service Pensions Act 2013's definition of a conflict of interest, which states that a conflict of interest is a financial or other interest which is likely to prejudice a person's exercise of functions.
15. The WPP recognises that a conflict of interest may be present when WPP Personnel or a Provider has a responsibility or fiduciary duty in the operation, decision making process or management of the WPP but also has:
 - 15.1 A separate personal or corporate interest, which can be financial or non-financial in nature
 - 15.2 Another connection to the matter that may provide a possible conflict with their primary responsibility to the WPP. This interest could arise through association and may stem from a family member or colleague having an obligation or interest

Policy and Procedure

16. For this Policy to work WPP Personnel and Providers have agreed that they must:
 - 16.1 acknowledge conflict of interest they may have;
 - 16.2 be open with each other on any conflicts of interest they may have;
 - 16.3 adopt practical solutions; and
 - 16.4 plan ahead and agree on how they will manage any conflicts of interest which arise.
17. With these objectives in mind the WPP has adopted the following procedure to gain full transparency and allow for the detailed record-keeping of any conflicts of interest within the WPP:
 - 17.1 All WPP Personnel will provide on appointment, and once each year thereafter, a declaration of interest and related parties which will then be stored and made easily available to all WPP Personnel on the WPP's documents portal. WPP Personnel will need to inform the Host Authority immediately should there be any change to the information contained in their declaration, they will also have to provide written confirmation of the changes. At the beginning of JGC meetings all JGC Members will have to formally declare their conflicts of interest. All other WPP Personnel and Providers will also have to declare any conflicts relating to any of the meeting's agenda items. The attendees of OWG meetings will have to declare whether their declarations remain unchanged since the last meeting, this will be done at the beginning of each OWG meeting.
 - 17.2 Any WPP Personnel who feels that they, or another member of the WPP community has a conflict of interest on a particular topic must advise the Monitoring Officer, so that advice can be sought. In this way the conflict of interest and the action taken can be recorded in the minutes. An entry will also be made in the WPP's conflicts of interest register.
 - 17.3 Any WPP Personnel who feels that they, or another member of the WPP community has a conflict of interest that has arisen in between meetings must advise the Host Authority at the earliest opportunity, written confirmation should also be provided. The Host Authority will inform WPP Personnel of the conflict. An entry made in the WPP's Conflicts of Interest Register will also be made.
 - 17.4 Providers to the WPP will be required to provide the Host Authority with details of their conflict management procedure or their professional code of practice. Providers will be provided with a copy of this Policy upon appointment.
 - 17.5 Providers to the WPP are required to confirm that they will disclose to the Host Authority any conflict of interest that may arise, including any related third-party engagements.
 - 17.6 Any WPP Personnel and WPP Providers may identify information which they think should not be shared outside of the WPP and advise the Host Authority, this may relate to any potentially confidential or sensitive information such as potential manager appointments, amendments to investment strategies or personal declarations of conflicts. The Host Authority will then advise WPP Personnel, seeking a decision from them on how to proceed.
18. The WPP will seek to manage conflicts of interest in a fair and balanced way. The WPP has put in place a four-stage escalation process to effectively manage any conflicts of interest that have been identified as requiring further management:

- 18.1 The WPP may request further detail on the relevant conflict of interest to ensure that its nature and potential impact is fully understood.
- 18.2 If required, the WPP will ask the relevant Personnel or Provider to abstain or voluntarily exclude themselves on the matter over which they are conflicted.
- 18.3 If the relevant Personnel or Provider is unwilling to abstain or voluntarily exclude themselves then the WPP will ensure that the relevant Personnel or Provider is excluded from the matter over which they are conflicted.
- 18.4 If all previous endeavours fail, the WPP may ask the relevant WPP Personnel or Provider for their resignation.

The WPP's four-stage escalation process will be suitable in most instances. However, there may be situations where an element of flexibility is required, in these instances the WPP will use its discretion to ensure the swift and effective management of the relevant conflict. For example, it may be apparent from the outset, that the conflict of interest can only be managed effectively through the resignation of the relevant WPP Personnel or Provider.

Guidance and Legislation

- 19. The WPP notes that no specific government legislation on managing the conflicts of interest that may result for the pooling of LGPS has been provided to date. However, in formulating this Policy the WPP has considered and incorporated the following guidance and regulation much of which is targeted at LGPS and Private Sector Pension Schemes but is equally applicable to LGPS pools.
- 20. The Public Service Pensions Act 2013 is focussed on Pension Boards, however in formulating this Policy the WPP has extrapolated the following guidance from the Act, the WPP must be;
 - 20.1 Satisfied, that on appointment, WPP Personnel do not have a conflict of interest that cannot be adequately managed and monitored.
 - 20.2 Satisfied from time to time that no WPP Personnel has a conflict of interest that cannot be adequately managed and monitored.
 - 20.3 Requiring WPP Personnel, or a soon to be appointed individual, to provide the WPP with such information as reasonably required for the WPP to be satisfied of points 20.1 and 20.2.

Please note that regulation 108 of the Local Government Pension Scheme Regulations 2013 applied the requirements of the Public Service Pensions Act to the LGPS.

- 21. The WPP will continue to engage with the Ministry of Housing, Communities & Local Government ("MHCLG") and Scheme Advisory Board and take account of any relevant guidance in relation to conflicts of interest and the effective management of these. The WPP will update this policy when required to ensure that it is in keeping with relevant guidance.
- 22. The WPP recognises that Constituent Authority elected members must give due considerations of 'The Public Services Ombudsman for Wales' Ten Guiding Principles' when carrying out their designated role. In line with Welsh National Assembly guidance, the WPP expects all WPP Personnel to be aware of the ten principles and to recognise the importance and significance of these principles when they carry out work on behalf of the WPP. The WPP has considered these principles when formulating this Policy and notes the importance of WPP Personnel adopting these principles to ensure the efficient implementation of this Policy:
 - 22.1 Selflessness

- 22.2 Honesty
- 22.3 Integrity and Propriety
- 22.4 Duty to Uphold the Law
- 22.5 Stewardship
- 22.6 Objectivity in Decision-making
- 22.7 Equality and Respect
- 22.8 Openness
- 22.9 Accountability
- 22.10 Leadership

23. The Pension Regulator has provided guidance to help manage conflicts of interest in a number of codes of practice and guidance issued since April 2005, including their guidance on conflicts of interest. Section 90A.2G of the Public Service Pensions Act 2013 stated the Pension Regulator would be required to issue a code of practice relating to conflicts of interest. The Pensions Regulator produced a Conflicts of Interest Guidance document, the WPP recognises that this guidance has been formulated with regards to Pension Boards, however the general principles and guidance have been considered in the development of this code. The Regulator's Conflicts of Interest Guidance document has been issued to all WPP Personnel and is available through the WPP's online document storage facility. The codes and guidance can be found on the regulator's website - www.thepensionsregulator.gov.uk
24. The Chartered Institute of Public Finance & Accounting report on Investment Pooling Governance Principles for LGPS Administering Authorities notes that the introduction of LGPS pooling will have a material impact of the roles carried out by LGPS committee members, representatives, officers and advisors. The Report highlights the need for conflict of interest policies to be updated to reflect the new conflicts that may arise from LGPS pooling. The WPP expected its Personnel to proactively notify their Constituent Authority of any new conflicts that may arise from their WPP activities. Furthermore, the WPP has considered the new conflicts that may arise from LGPS pooling in formulating this policy and has sought to enact policies and procedures that will manage these conflicts.

Further Information

25. If you require any further details on the WPP's Conflict of Interest and Procedure Policy, please contact walespensionpartnership@carmarthenshire.gov.uk.

June 2020

Appendix I – Communication Policy

Wales Pension Partnership - Communication Policy

Introduction

1. The Wales Pension Partnership (“WPP”) believes that effective internal and external communication is vital to achieving its objectives. The WPP, as part of its commitment to this belief, has agreed to formulate and maintain a communication policy.
2. This communication policy sets out how the WPP will carry out its internal and external communication strategies. The policy outlines the WPP’s:
 - 2.1 Target Audience
 - 2.2 Key Messages / Key Purpose
 - 2.3 Means of Communication
 - 2.4 Responsibilities
 - 2.5 Review & Reflection Process
3. WPP’s objective in preparing and implementing this policy is to:
 - 3.1 demonstrate its commitment to effective communication.
 - 3.2 adhere to the WPP’s belief that effective internal and external communication will help the WPP achieve its objectives.
 - 3.3 put in place procedures and mechanisms to ensure that the WPP continues to communicate and inform its stakeholders.
4. WPP recognises that a 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. There are several factors that need to be monitored and managed to allow for the successful implementation of this policy, these include:
 - 4.1 Effective communication of the responsibilities outlined in this policy.
 - 4.2 Clear identification and ownership of the roles outlined in this policy.
 - 4.3 Suitable training and understanding of the roles and responsibilities outlined in this policy.
5. This Policy is designed to provide guidance and detail to WPP Personnel and its stakeholders. This policy has been developed by WPP in consultation with the Constituent Authorities.
6. The WPP recognises that its audience, key messages, responsibilities and means of communications will evolve. Therefore, the WPP will carry out a full review of its Communication Policy on an annual basis.

7. The annual review will be carried out by the Officer Working Group ('OWG'), the purpose of the review will be to assess whether the WPP's Communication Policy continues to be appropriate or should be updated. During the annual review the OWG will consider potentially challenging questions that could be asked of the WPP and will formulate suitable responses to these questions. Following the completion of the WPP's annual communication plan review the OWG will put forward amendments to the plan for the JGC's approval.

Internal Communication

8. As part of its internal communication plan the WPP will seek to communicate and engage with the following internal bodies:
 - 8.1 Constituent Authorities
 - 8.2 Officers
 - 8.3 JGC Members
 - 8.4 Scheme Members
 - 8.5 Pension Committees
 - 8.6 Pension Boards
 - 8.7 Pension Forums
 - 8.8 Employers
 - 8.9 Suppliers (e.g. The Operator)
9. The WPP recognises that internal communication will foster greater collaboration amongst WPP personnel and will help ensure that everyone is fully informed and aligned with WPP's beliefs, objectives and priorities.
10. Improved internal communication will allow for greater levels of information sharing within the WPP and improve the WPP's decision making process. In addition, internal communication will let the WPP foster its unique identity and culture, which will allow it to further develop its unified vision and journey plan.
11. The WPP has identified the following methods and communications channels as the means by which it will communicate and engage with its internal stakeholders:
 - 11.1 WPP Annual Update
 - 11.2 WPP Annual Report
 - 11.3 Website
 - 11.4 Social media (LinkedIn)
 - 11.5 Emails
 - 11.6 Meeting summary notes
 - 11.7 Host Authority Quarterly Update
 - 11.8 Surveys, Questionnaires and Consultations

- 11.9 Internal document portal
- 11.10 Bi-Weekly virtual meetings
- 11.11 OWG meetings
- 11.12 JGC meetings
- 11.13 Sub-Group meetings
- 11.14 Engagement days
- 11.15 Training sessions

12. The table below outlines who is responsible for certain elements of the WPP's internal communication plan:

Task/ Communication Channel:	Responsibility of:
Annual WPP Update	JGC Chair & The Host Authority
WPP Annual Report	JGC Chair & The Host Authority
Website	The Host Authority
Social media	The Host Authority
Emails	All WPP Personnel
Meeting summary notes	The Host Authority
Host Authority Quarterly Update	The Host Authority
Surveys, Questionnaires and Consultations	The Host Authority
Internal document portal	The Host Authority
Bi- Weekly Virtual Meetings	The Host Authority/ Operator/ Advisors
OWG meetings	Members of the OWG
JGC meetings	Members of the JGC & OWG
Sub-Group Meetings	Members of the OWG
Engagement days	The Host Authority/ Operator/ Investment Managers
Training Sessions	The Host Authority

External Communication

13. As part of its external communication plan the WPP will seek to communicate pro-actively with the following bodies:

- 13.1 Central Government (including Ministers)
- 13.2 Welsh Government (including Ministers)
- 13.3 Welsh Local Government Association (WLGA)
- 13.4 Unions
- 13.5 Media

- 13.6 Scheme Advisory Board (SAB)
- 13.7 Local Government Association (LGA)
- 13.8 Local Authority Pension Fund Forum (LAPFF)
- 13.9 Society of Welsh Treasurers
- 13.10 Lobby Groups
- 13.11 Other pools

14. The WPP has identified the following as key messages that it wants to articulate to external audiences:

- 14.1 **Achieving Success and Delivering Cost Savings** – The WPP is proud of its success to date and is committed to delivering continued success. The WPP has put value for money at the heart of its decision-making process with the objective of delivering costs savings. The pooling model adopted by WPP has allowed it to avoid expensive set up and implementation costs. The WPP's model has and continues to provide a framework that delivers attractive and cost-efficient investment opportunities for Constituent Authorities. To date our choice of Pooling model has delivered on our objectives of Investment Manager fee savings and operational cost savings while continuing to deliver investment performance.
- 14.2 **Collaboration** – The WPP is founded on the principle that the Constituent Authorities of Wales are fully committed to working together to serve the best interests of their underlying members, employers and other stakeholders. The WPP builds on the strong relationships and proven track record of collaboration that Constituent Authorities initiated as part of their 'Working Together' initiative. WPP's strength and progress towards better outcomes for its beneficiaries is founded in the Constituent Authorities' ability to work together and to collaborate effectively with one other. We recognise that as Constituent Authorities we can collectively achieve far better outcomes for our stakeholders than we could if we were to act individually.
- 14.3 **Size of the Pool** – WPP's size assists its collaborative nature, the eight Constituent Authorities, due to their similar size, have the similar requirements and needs which ultimately lends itself to great levels of collaboration. Having eight Constituent Authorities allows for a variety of thinking while also ensuring that no Constituent Authority's views are lost among too many conflicting voices. We have been able to demonstrate that our size has in no way limited our ability to achieve Investment Manager fee savings and operational cost savings.
- 14.4 **Innovative & Forward Thinking** – The WPP is a forward-thinking institution which is always willing and actively seeking to improve its current methods and procedures. Self-assessment and learning from experience are a critical element of our governance framework. We believe that learning and innovation will ensure that we continue to be able to meet the needs and requirements of our stakeholders. We have adopted innovative approaches throughout all aspects of the WPP, but we are particularly pleased with the ways in which we have been able to incorporate innovation into the WPP's investment offerings.
- 14.5 **Delivering Benefits to Scheme Members and Employers** – The WPP is proud of its pooling model which is designed to meet the needs of WPP's Constituent Authorities, who will in turn meet the needs of their members and employers. WPP strives for the highest standards of governance and to fulfil the interest of beneficiaries.

- 14.6 Welsh Identity – The WPP is proud to represent the entirety of Wales and Wales’ unique cultural identity. The WPP represents the shared vision of the Welsh Constituent Authorities and the roadmap that they have developed to deliver this vision. We incorporate our Welsh identity into the management and procedures of the WPP and will ensure that our website and public meetings continue to be available bilingually.
- 14.7 A Proud Member of the LGPS Community – The WPP is proud of its LGPS heritage and has embedded the following LGPS characteristics into its structure: robust governance, transparency and high levels of local accountability. The Wales Pension Partnership is firmly rooted to incorporating LGPS principles and characteristics into its structure and ensuring that there is no cultural drift from its firm commitment to democracy and Pension Board engagement. The WPP continues to be governed through a democratic process and we are honoured to have continually high levels of engagement with Pension Boards.
15. The WPP has identified the following methods and communications channels as the means by which it will implement its external communication policy and articulate key messages to its target audience:
- 15.1 The WPP website
 - 15.2 Social Media (e.g. LinkedIn)
 - 15.3 Annual WPP progress update
 - 15.4 External press releases and press statements
 - 15.5 Publicly available Joint Governance Committee (‘JGC’) meeting papers
- 16 The WPP will also engage with the following institutions and bodies. The WPP recognises that engagement and collaboration with these bodies also plays an important in its Communication strategy.
- 16.1 Scheme Advisory Board Meetings (SAB)
 - 16.2 MHCLG Consultations
 - 16.3 Attendance at external conferences and events
 - 16.4 Representation at relevant working groups or collaboration opportunities
 - 16.5 Cross-Pool Meetings
17. The table below outlines who is responsible for certain elements of the WPP’s external communication policy:

Communication Channel/ Engagement:	Responsibility of:
Articulating the WPP’s key messages and implementing WPP’s Communication Plan	All WPP Personnel
Maintenance of the WPP’s website	The Host Authority
MHCLG Consultations	The Host Authority (with assistance from relevant parties)
Maintenance of the WPP’s social media	The Host Authority
Annual WPP progress update	JGC Chair
Press statements & releases*	JGC Chair, OWG Chair and the Host Authority

Publicly available JGC meeting papers	All WPP Personnel
Scheme Advisory Board Meetings (SAB)	JGC Members
Attendance at external conferences and events	All WPP Personnel
Representation at relevant working groups or collaboration opportunities	Relevant WPP Personnel
Cross-Pool Meetings	Relevant WPP Personnel

*Press statements & releases will be made by the JGC chair, unless there are mitigate circumstances that inhibit the JGC chair from being able to make or release statements. Draft press statements will be circulated to members of both the JGC & OWG for their approval.

Further Information

18. If you require any further details on the WPP's Communication Policy, please contact walespensionpartnership@cararthenshire.gov.uk.

March 2021

Appendix J – Training Policy

WPP Training Policy

Introduction

- 1 This policy sets out the Wales Pension Partnership (“WPP”) approach to training and development. 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.
- 2 This policy applies to WPP Personnel which includes the Host Authority, Members of the WPP Joint Governance Committee (‘JGC’) and Officer Working Group (‘OWG’). WPP recognises that Constituent Authority Pension Committee Members, as well as Pension Board Representatives, may be invited to attend WPP training events and may therefore be indirectly subjected to the content of this policy.
- 3 The WPP’s training policy and plan is designed to supplement existing Constituent Authority training documentation, it is not intended to replace or override the need for and importance of local level training policies and plans. 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.
- 4 This policy will be formally reviewed by the OWG on an annual basis and, if necessary, changes to the policy will be taken to the JGC for approval. In maintaining and acting on this policy, WPP will have an ongoing dialogue with the Constituent Authorities and the Host Authority. WPP will also seek input from third parties where appropriate and will take account of the evolving training needs of the Constituent Authorities and developments in the facilitation of training.
- 5 This policy will have regard to guidance from the Chartered Institute of Public Finance and Accountancy (“CIPFA”) and The Pension Regulator and any relevant guidance provided by the Scheme Advisory Board (“SAB”) and the Ministry of Housing Communities and Local Government (“MHCLG”). The policy incorporates, where applicable, any relevant guidance from the Public Services Ombudsman for Wales or Welsh Government.

Beliefs

- 6 WPP has established a set of beliefs, which underpin and guide its decision making, policies and business plans. The two beliefs outlined below are of particular relevance to the WPP’s Training Policy:
 - Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve.
 - Good governance should lead to superior outcomes for the WPP’s stakeholders.
- 7 WPP recognises that having a detailed training policy is critical in ensuring that WPP’s actions are aligned to its beliefs. This policy has been formulated with the aim of putting in place measures that will enable WPP to be an institution that is continuously learning, innovating and developing.
- 8 WPP believes that a critical element of good governance is enacting procedures and structures that will promote well informed decision making. The WPP’s Training Policy has been put in place to seek to ensure that WPP’s knowledge and ability to make well informed decisions is maximised.

Objectives

- 9 WPP's objective in preparing and implementing this policy is to:
- Demonstrate that WPP has put in place procedures that will seek to ensure that it has the skills and knowledge to carry out the roles and activities that it undertakes on behalf of stakeholders;
 - Ensure that WPP Personnel are fully informed of all relevant matters prior to make decisions on behalf of WPP stakeholders; and
 - Ensure that WPP, as a collective, has sufficient knowledge to challenge and critique the advice that it receives from its external providers.
- 10 In maintaining a training plan and policy, WPP's objective is to progressively reduce the likelihood that stakeholder outcomes are negatively impacted due to a lack of expertise or the presence of knowledge gaps amongst WPP Personnel. The WPP Risk Register highlights that failing to maintain and foster appropriate expertise and knowledge amongst relevant personnel is a material risk to the WPP which, if left unmanaged, could result in the WPP taking ineffective action, making inappropriate decisions or being unable to deliver on its responsibilities. To manage this potential risk, WPP has put in place the following measures and controls:
- Ensure sufficient training takes place;
 - Maintain a mechanism for accessing training requirements;
 - Ensure that new personnel receive appropriate training at the outset of their duties;
 - Publication of the WPP Annual Training Plan;
 - Outsourcing training requirements to specialists when required; and
 - Outsourcing tasks to expert advisors where appropriate.

Guidance & Regulation

- 11 In formulating this policy WPP has consider and incorporated CIPFA's 'Investment Pooling Governance Principles for LGPS Administering Authorities' guidance, which notes the importance of "Members and Officers having a detailed knowledge of the pooling of investment arrangements. The WPP Training Policy and the associated WPP Training Plan have been developed with the aim of providing Members and Officers with the knowledge of investment pooling that they require to carry out their WPP roles and responsibilities. Local level training policies and plans will continue to address the knowledge of pooling that Members and Officer require to carry out their roles at Constituent Authority Level.
- 12 WPP recognises that there is a significant amount of training related guidance and regulation which is targeted at LGPS Funds and Private Sector Pension Schemes, this includes but is not limited to:
- The Pensions Act 2004
 - The Public Service Pensions Act 2013
 - CIPFA's Code of Practice & Knowledge and Skills Frameworks

WPP is supportive of these sources of guidance and regulation. WPP has sought to incorporate the sentiment and nature of these sources into its own training policy and plans. WPP expects and encourages the Constituent Authorities to formulate and maintain their own training policies and plans. WPP anticipates that Constituent Authorities will put in place policies that will uphold the guidance and regulation that the sources outlined above place on LGPS Funds.

Strategy

- 13 WPP recognises that training is critical to achieving good outcomes for its stakeholders and will allocate resources to ensure that it undertakes regular training. WPP has committed to hosting at least four formal training events during the course of the year. Training events will be facilitated by the Host Authority. The Host Authority will maintain a training log which will keep a record of all the training WPP personnel have completed to date and the training that is due to take place in the foreseeable future.
- 14 The WPP Training Policy has six key elements;
- Understanding of the WPP's remit and environment
 - Identification of training needs
 - Facilitation of training
 - Training methods
 - Duties and expectations
 - Review and monitoring
- 15 WPP, in formulating this policy, has considered the nature of the work that it carries out on behalf of its stakeholders and the environment in which it operates. WPP recognise that training requirements, alongside the WPP's knowledge base, will need to be fluid due to the changing and variable nature of the WPP's work. The environment in which WPP operates is also subject to constant change, it is vital that the WPP's Training Policy is able to address any training or knowledge requirements that may stem from these changes, this is particularly relevant for regulatory changes.
- 16 Prior to identifying training needs it is important to consider the sources and drivers of these needs. WPP has identified four main sources from which training needs can stem:
- Regular Role & Responsibilities – the day to day roles and responsibilities of WPP Personnel will require them to have a certain knowledge base and skill set.
 - Target Areas of Focus and Project Work – new workstreams or projects may require WPP Personnel to develop skill or knowledge which they had not previously needed or required.
 - Market Developments & Current Issues – the introduction of hot topics within the market that WPP operates within may result in WPP's existing workplan or practices being subject to change and its natural to assume that new training requirements may result from these changes.
 - Regulatory Changes – amendments or changes to existing regulation will need to be swiftly actioned by the WPP. Any WPP action will include an assessment and facilitation of any training needs that stem from the regulatory changes.
- 17 WPP will identify training need requirements by issuing a WPP Annual Training Requirement Questionnaire. The Questionnaire will be issued to JGC and OWG Members, the responses to the questionnaire will be used to inform the WPP Annual Training Plan – this will identify the topics that WPP will receive training on over the course of the subsequent twelve months. The topics identified will not only take account of the questionnaire responses but will also be formulated with a consideration to the WPP's Annual Business Plan and the nature of the work that WPP will be undertaking during the course of the year.
- 18 The means and methods of undertaking training are constantly evolving and WPP is keen to embrace any new developments that will enhance the effectiveness of its training. WPP currently makes use of

the following training methods, this list is by no means exhaustive and is likely to change in line with relevant developments and innovations:

- Formal Training Events
- Virtual Training Sessions
- Online Training Portals
- Workshops
- Briefing Notes, Guidance Papers or any other relevant reading materials
- Relevant Seminars, Webinars and Conferences
- In-Meeting Training Sessions

- 19 WPP Personnel have a duty to play an active role in the development of their own knowledge base and skill set. It is best practice for individuals to review their own knowledge and understanding at least annually and undertake further training for any areas that are identified as requiring further attention or development. Individuals should record any training activity undertaken which is relevant to their WPP role and where appropriate inform the Host Authority of the details. WPP Personnel are asked to use the completion of the WPP Training Requirement Questionnaire as an opportunity to evaluate their knowledge and skills.
- 20 New WPP Personnel are required to undertake introductory training to reach the level of knowledge that will enable them to carry out their new duties and roles. Upon joining the WPP, new Personnel will be provided with an introduction pack from the Host Authority. New WPP Personnel are expected to review the information provided to them in the introduction pack, which will include detail on their WPP role and the WPP's Governance Framework and Policies. The Host Authority will reach out to new WPP Personnel within one month of sending the introduction pack to ensure that they have a good understanding of their new role and responsibilities and the WPP's structures and procedures. If required, the Host Authority and Oversight Advisor will make themselves available for a meeting to address any outstanding questions or points of clarification that the new Personnel Member may have.
- 21 Following any introductory training, Personnel are expected to maintain their understanding by completing any additional training that is required. All Personnel should be aware of the WPP's framework, beliefs, policies, governance matrix, the decision-making process and decision logging process.
- 22 WPP recognises the importance of monitoring the effectiveness and ongoing suitability of this Policy. The following sources of data will be used to assess the extent to which this Policy has delivered on its objectives - any findings or insight will be considered and actioned during the annual review of the WPP's Training Policy;
- The attendance levels at WPP Training Events
 - The responses to the WPP Annual Training Requirement Questionnaire
 - Where applicable, knowledge benchmarking exercises will be carried out

Transparency

- 23 The WPP Training Policy will be made publicly available on the WPP website. On an annual basis, WPP will prepare and publish an Annual Training Plan on its website, the Plan will outline the training topics that the WPP will receive training on over the next twelve months.
- 24 The WPP Annual Report will outline what training the WPP completed during the past year, where it was held and the attendees.

Further Information

- 25 If you require any further details on the WPP Training Policy, please contact walespensionpartnership@carmarthenshire.gov.uk and refer to the WPP website.

December 2020