



Wales Pension Partnership Annual Report 2020/2021



Contents

Introduction	3
JGC Chair's Statement	4
About the Wales Pension Partnership	6
Pool Management	8
Risks	14
Policies and Processes	17
Pooling Progress	18
Statement of Accounts & Financial Performance	19
Investments and Performance	25
Pooling Costs and Fee Savings	28
Responsible Investment	29
Communications and Engagement	31
Training	32
Conclusion	33
Contact Details	34

Introduction

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

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

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

Prior to the announcement of the Government’s Pooling Regulation, the eight LGPS Funds within Wales, had been collaborating and had already delivered costs savings from a joint collaboration on passive investments. Following the introduction of the new Pooling regulation the eight Welsh Constituent Authorities agreed that they would continue and enhance their levels of collaboration. In 2017, the WPP was formally established to facilitate and assist the pooling activities and efforts of Wales’s Constituent Authorities. Since 2017, the WPP has enabled the Constituent Authorities to pool around 68% of their assets.

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

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

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

Yours Sincerely,

Chris Moore

Section 151 Officer,

Carmarthenshire County Council



JGC Chair's Statement

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

We could not have foreseen what an unique and surprising year it would be. The lockdown and travel restrictions put in place throughout the UK had the potential to seriously disrupt the WPP's activities, however the collaboration between the eight Constituent Authorities has been stronger than ever and this can be seen by the way that the pool has progressed over the last 12 months. I would like to take this opportunity to thank the Constituent Authorities for the time and energy that they have contributed, as well as their positivity and flexibility, during this uncertain period.

The launch of the WPP Fixed Income sub-funds was a key objective for 2020/21 and with the assistance once again of Link Fund Solutions, Russell Investments and Hymans Robertson, five Fixed Income sub-funds were launched with each Authority making use of at least one of these sub-funds. This has seen the WPP's % of pooled assets reach around 68%. Over the next twelve / eighteen months the WPP is looking at increasing the pooling % further with the launch of an Emerging Market equity sub-fund and the initial tranches of Private Markets sub-funds.

As well as the need to develop new sub-funds, the WPP is fully aware of the need to ensure that existing ones continue to be aligned to the needs of the Constituent Authorities, as a result we have adopted a highly innovative de-carbonisation mechanism to reduce the levels of carbon risk within some of the existing sub-funds and this is an area that we will continue to progress.

Responsible Investment ('RI') continues to be a key priority for the Welsh Constituent Authorities. The RI Policy was formulated in 2019/20 and over the last twelve months, we have continued with our objective to deliver on the commitments made in this Policy:

- A Climate Risk Policy has been formulated, which outlines WPP's unified Climate Risk beliefs and what measures we have adopted to manage Climate Risk within the WPP Sub-Funds.
- Voting and Engagement work is ongoing with Robeco. Robeco engage with investee companies on behalf of the WPP, on a broad range of matters, including matters relating to managing Environmental, Social, Governance (ESG) and climate related risks. WPP has adopted Robeco's voting policy.
- Reporting has developed over the last twelve months with detailed RI and Climate Risk monitoring reports being produced for each of the WPP's Sub-Funds and quarterly progress reports being received from Robeco.

Over 2020/21, we have seen WPP continue towards its objective of delivering a best-in-class governance framework for its stakeholders with a number of new policies being developed, including a Climate Risk Policy, Risk Policy and Risk Register, Training Policy and Conflict of Interest Policy. The WPP has also developed a Governance Manual that provides a detailed overview of the WPP's governance structure and framework, as well as articulating the roles, responsibilities and procedures that the WPP has put in place. All of the WPP policies are reviewed annually and can be found on the WPP website.

The next twelve months will see the WPP strengthen its governance arrangements further with additional policies being developed, such as a Rebalancing & Alteration Policy, a Responsibilities Matrix and a Whistleblowing Policy, together with the potential appointment of a Scheme Member Representative to the Joint Governance Committee. A detailed workplan can be found in the 2021-2024 Business Plan.

Training and communication is also critical to WPP's success and despite COVID 19, WPP's 2020/21 training plan was successfully completed with seven virtual training events being held over the year. These training events were open to all Pension Committee and Pension Board members, as well as officers and JGC members.

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

Finally, I would like to take this opportunity to say what an honour it has been to be Chair of the JGC over the past 12 months. Cllr. Clive Lloyd will be taking over the role for 2021/2022 and I would like to wish him all the best and thank him for the support he has provided me as Vice-Chair during the course of this year.

We hope you enjoy our Annual Report.

Yours Sincerely,

Councillor Glyn Caron

Chair of the Wales Pension Partnership Joint Governance Committee



About the Wales Pension Partnership

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

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

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

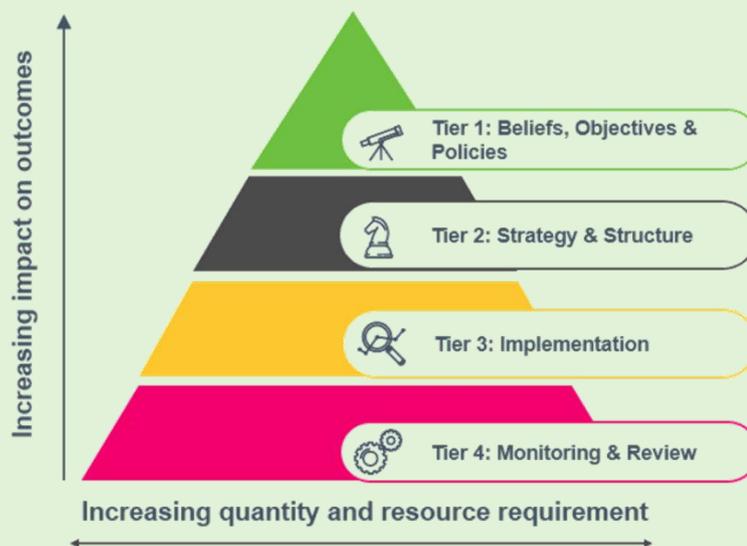


The eight Constituent Authorities have a shared vision and agreement on the means and pace at which this vision will be achieved. The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

- The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented.
- Good governance should lead to superior outcomes for the WPP's stakeholders.
- Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders.
- Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of Environmental, Social and Governance issues should result in better outcomes for the WPP's stakeholders.
- Effective internal and external communication is vital to achieving the WPP's objectives.
- External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise.

- Fee and cost transparency will aid decision making and improve stakeholder outcomes.
- Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve.
- A flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

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



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

- To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical).
- To achieve material cost savings for participating funds while improving or maintaining investment performance after fees.
- To put in place robust governance arrangements to oversee the Pool's activities.
- To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments.
- To deliver an investment framework that achieves the best outcomes for its key stakeholders; the Constituent Authorities. The Constituent Authorities will be able to use this framework to deliver the best outcomes for their Scheme Members & Employers.

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

Pool Management

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

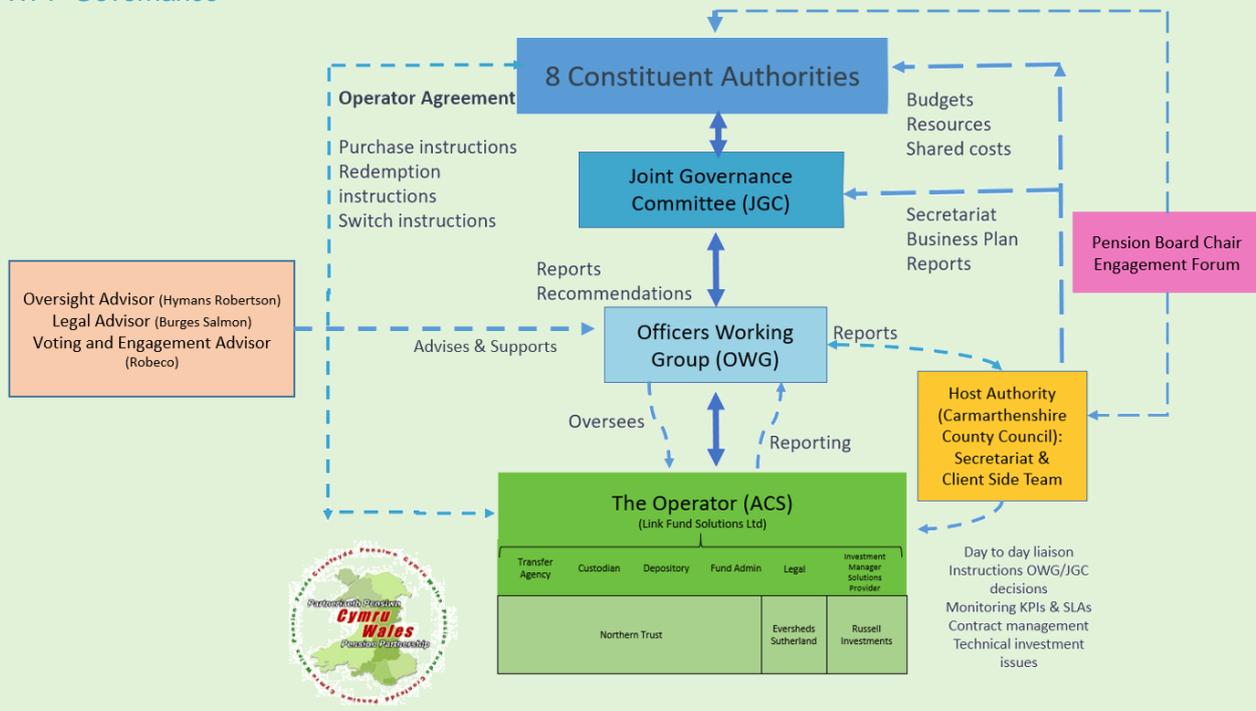
The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA), which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process, taking into account the relevant legislation. The WPP has also developed a Governance Manual which further articulates the WPP's governance arrangements, including its structure, policies and procedures. This is available on the WPP website.

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



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

WPP Governance



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

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



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

Joint Governance Committee

The Wales Pension Partnership Joint Governance Committee (JGC) was formalised in June 2017 and during 2020/21 the JGC has met virtually four times. 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. In December 2020, the JGC approved a provision for a co-opted (non-voting) pension board scheme member representative on the JGC.

The Chair and Vice-chair are rotated on an annual basis. The chair during the course of 2020/21 was Cllr. Glyn Caron – Torfaen County Borough Council (Greater Gwent (Torfaen) Pension Fund) and the vice-chair was Cllr Clive Lloyd – City and County of Swansea Council (City and County of Swansea Pension Fund).

The JGC is responsible for overseeing the pooling of the investments of the eight Local Government Pension Scheme funds in Wales. The JGC's full set of responsibilities are set out in Schedule 3 (JGC Matters) and Schedule 4 (JGC Terms of Reference) of the Inter Authority Agreement. The JGC plays a critical role in either approving proposals, policies and activities or putting forward recommendations for Constituent Authority consideration

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

To aid the levels of engagement and collaboration the Constituent Authorities of Wales have agreed that JGC meetings will be hosted on a rotational basis across all eight Constituent Authorities. Due to Covid 19, all JGC meetings in 2020/21 have been held virtually. The JGC dates and attendance for 2020/21 are summarised in the table below:

JGC Date:	JGC Members in attendance:
17 July 2020	7 members, apologies from Cardiff
11 September 2020	7 members, apologies from Clwyd
10 December 2020	All 8 members
24 March 2021	All 8 members

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

Officers Working Group

The WPP's Officers Working Group (OWG) was established with the purpose of providing support and advice to the Joint Governance Committee. The group met virtually four times during 2020/21.

The OWG is comprised of practitioners and Section 151 officers from all eight Constituent Authorities. The Chair of the OWG is Chris Moore, Section 151 Officer of Carmarthenshire County Council (Host Authority). OWG meetings are generally held in Cardiff but due to Covid 19, all OWG meetings in 2020/21 have been held virtually.

The OWG, in a similar fashion to the JGC, has a stellar track record in terms of engagement and attendance. There is at least one representative from each Constituent Authority in attendance at all OWG meetings and it

is common to see both the Section 151 Officer and Practitioner for all eight Constituent Authorities in attendance.

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

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

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

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

Host Authority

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

The Host Authority's role is critical to the WPP, it is responsible for the day to day management of the Pool and takes ownership of managing and progressing the WPP's activities and endeavours. The size and nature of the Pool means that the Host Authority is responsible for a broad, and ever changing, range of activities and responsibilities, these range from organising and facilitating the WPP's trainings days to formulating and submitting the WPP's 'Pooling Update' submissions to the 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 a large internal team from which it can extract resources and expertise to help it meet its responsibilities. However, the core members of the Host Authority team are Chris Moore, Anthony Parnell and Tracey Williams.

Monitoring Officer

The Monitoring Officer Role (Head of Administration & Law) is currently carried out within the Host Authority (Carmarthenshire County Council). The Monitoring Officer is responsible for maintaining the IAA to ensure that it reflects up to date legislative requirements and the WPP's Governance needs and is also responsible for ensuring that the provisions are fully complied with at all levels. The Monitoring Officer attends all JGC meetings.

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

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

Section 151 Officer

Carmarthenshire County Council's Director of Corporate Services is the responsible officer for the administration of the WPP's affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the WPP.

Link Fund Solutions Ltd (The Operator)

The WPP has designed an operating model which is flexible and able to deliver value for money. Link Fund Solutions Ltd (Link) have been appointed as the external Operator and, with the support of Russell Investments, they will deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

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

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

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



Russell Investments (Investment Management Solutions Provider)

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



Hymans Robertson (The Oversight Advisor)

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



Burges Salmon (Legal Advisor)

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



Northern Trust (The Custodian)

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



Robeco UK (Proxy Voting & Engagement Provider)

Robeco UK have been appointed the WPP's Voting and Engagement provider and they 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.



Risks

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

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

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

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

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



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

A detailed management strategy and action plan is in place to manage the risks. Two of the risks that were considered significant last year, “WPP fails to comply with relevant regulations and LGPS guidance“ and ‘WPP suppliers fail to deliver their contractual commitments’ has been downgraded due to mitigating actions that have been carried out, including frequent and extensive engagement with suppliers and other stakeholders and through training sessions with WPP personnel.

At present, the WPP’s most significant risks are:

- WPP Sub-Funds fail to achieve their target investment returns
- The WPP fails to facilitate investment solutions that enable the Constituent Authorities to meet their investment strategy and objectives
- WPP suppliers fail to enact the WPP’s decisions in a timely and effective manner
- The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions
- The WPP fails to identify and take measures to remedy malpractice

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

Risk:	Current Management Strategy:	Action for the next 12 months:
WPP Sub-Funds fail to achieve their target investment returns	<ul style="list-style-type: none"> • Ongoing monitoring of investment performance, market developments and economic outlook reported by the Investment Manager and the Operator and discussed at OWG meetings • The Operator/ the Investment Manager engagement with Investment Managers and ongoing reviews of their process • On-going management of the WPP manager Engagement Schedule , which includes Manager days hosted by the Operator/ the Investment Manager for OWG/Constituent Authorities Pension Fund Committees • Monitoring when and why rebalancing within Russell managed WPP Sub-funds has taken place via notification mechanisms. 	<p>The probability of Investment Manager underperformance needs to be reduced, this can be achieved via the following mechanisms:</p> <ul style="list-style-type: none"> • Continued monitoring of investment performance & market developments and economic outlook • Continued engagement and communication with Investment Managers
The WPP fails to facilitate investment solutions that enable the Constituent Authorities to meet their investment strategy and objectives.	<ul style="list-style-type: none"> • The development of further sub-funds is a prioritised item within the WPP’s business plan. • Frequent consultation with Constituent Authorities on their requirements • Consultation with the Constituent Authorities on the ongoing suitability of existing sub-funds. • Numerous advisors used in the formulation of sub-funds • Oversight advisor in place to oversee investment strategy and sub-fund design • Numerous checks and balances on the decision-making process and approval of invest strategy and sub-funds 	<p>The WPP needs to ensure that the feedback to the Constituent Authority questionnaire is effectively implemented into the WPP’s workplan.</p>
WPP suppliers fail to enact the WPP’s decisions in a timely and effective manner	<ul style="list-style-type: none"> • Regular service delivery meetings held • Regular procurement and reappointment exercises carried out to ensure competition • Designated Oversight Advisor in place • Intensive engagement protocols with relevant suppliers 	<p>The creation of WPP Sub-Groups has significantly reduced the probability of this risk occurring. However, the WPP believes that further action is required before the probability can be revised down from 3 to 2. The WPP will focus on effectively communicating the significance and required</p>

	<ul style="list-style-type: none"> • Intensive engagement protocols with relevant suppliers • The monthly WPP Practitioners meeting is a forum in which any issues can be raised and then escalated at the Pool level • The addition of sub-groups to the WPP's governance arrangements has create additional forums in which the WPP has more time to challenge and follow up with suppliers 	<p>timeframes of a given request/ decision to its suppliers, with the intension of ensuring that critical decisions/ actions are effectively prioritised over the 'day to day' requests that suppliers are carrying out on behalf of WPP. In addition, the WPP is working with its Operator to improve the communication mechanisms for Sub-Fund launches.</p>
<p>The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions</p>	<ul style="list-style-type: none"> • Designated Operator Oversight Advisor in place • Intensive engagement protocols with Operator • Operator Oversight Framework currently in development • Engagement with the wider Operator market (and other suitable suppliers) is built into the WPP business plan • The WPP has formulated contracts that have natural break or exit points and minimal exit fees 	<p>The OWG is continuing to monitor any developments resulting from the FCA's review of the ACD Operator market. The OWG recognises the resource strain this review places on the Operator. The Host Authority, with support from its Operator Oversight Advisor, is continuing to have regular review meetings with the Operator. The main workstream currently being progressed during these review meetings is the formulation of an enhanced Operator Management Information Reporting Pack.</p>
<p>The WPP's fails to identify and take measures to remedy malpractice</p>	<ul style="list-style-type: none"> • The WPP has adopted a governance framework with several checks and balances which are designed to limit the potential for malpractice to occur • Multiple means of communication are in place within the WPP with a view to encouraging information sharing and the ability to flag any potential concerns • Monitoring officer in place at the Host Authority • The WPP has a Conflict of Interest Policy in place 	<p>The WPP will:</p> <ul style="list-style-type: none"> • Formulate a procedure that ensures that Personnel have the ability and means to flag any potential malpractice concerns • Produce a codified Whistleblowing Policy which outlines how the WPP will protect any who 'blows the whistle' , while also assuring that their job security is not impacted by their flagging/ highlighting of potential malpractice • Carry out ongoing training on identifying malpractice and how to safely raise any potential malpractice concerns • Ensure that there is enough resources and expertise available to investigate and deal with any potential cases of malpractice • Continue to encourage an environment in which all personnel are encouraged to speak freely and openly

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

WPP Policies and Processes

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

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

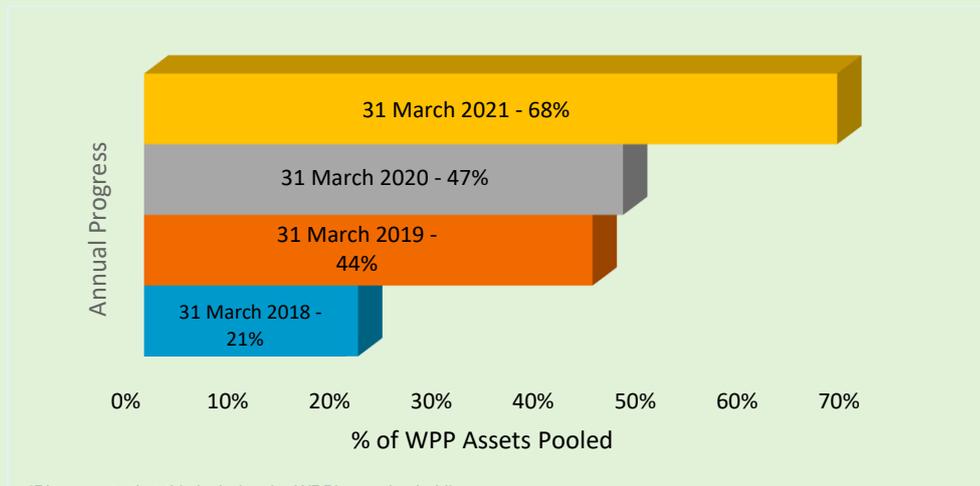


The WPP’s key policies, registers and plans are listed below and can be found on the WPP website. The policies and procedures outlined below are reviewed on at least an annual basis and the WPP will continually assess whether any additional policies, registers or plans are required. The WPP workplan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



Pooling Progress

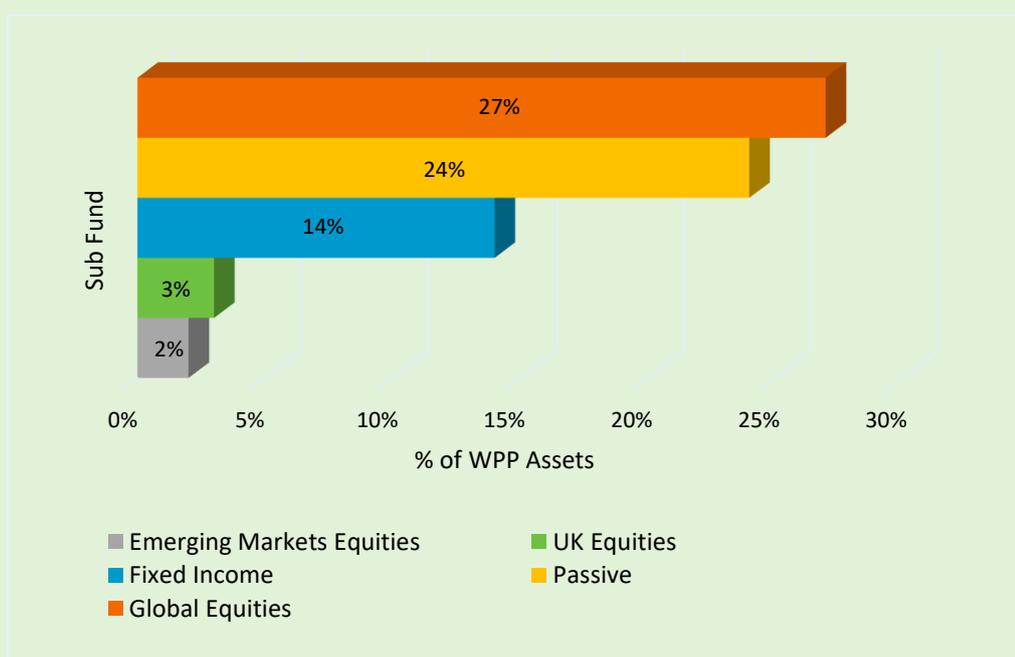
The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. We have made significant progress towards delivering on this objective. The launching of the WPP's three active equity sub-funds, five Fixed Income sub-funds alongside the Constituent Authorities existing passive investments, has meant that that the WPP has now pooled 68% of assets, as illustrated in the graph below:



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

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

The WPP will continue to develop sub-funds for the benefit of the Constituent Authorities with the Emerging Markets sub-fund due to launch in October 2021.



- Emerging Markets Equities
- Fixed Income
- Global Equities
- UK Equities
- Passive

WPP Statement of Accounts and Financial Performance

BUDGET

The following table shows the WPP's actual expenditure during 2020/21 compared with the approved budget for the year, detailing any variances. The Budget was approved by the Joint Governance Committee at the Joint Governance Committee meeting on 12 March 2020.

Wales Pension Partnership 2020/21	Budget (£)	Actual (£)	Variance (£)
Gross Expenditure			
Employee costs ¹	80,000	59,454	20,546
Host Authority costs ²	23,874	13,556	10,318
Host Authority Support Services ³	77,063	77,063	0
Total Host Authority Gross Expenditure ⁴	180,937	150,073	30,864
External Consultants ⁵	580,000	556,177	23,823
Total Gross Expenditure	760,937	706,250	54,687

Notes:

1. This includes staff employed to work solely on the WPP. The Budget includes a Senior Financial Services Officer (1fte) and an Assistant Accountant (1fte for 6 months)
2. These costs include staff travelling expenses, subsistence and meeting expenses, admin, office and operational consumables, website (development and ongoing costs), audit fees and translation services
3. These are central recharges from the Host Authority and includes costs apportioned for the Section 151 Officer, Monitoring Officer, Treasury & Pension Investments Manager, Democratic Services Officer and also Premises and HR support
4. The total Host Authority expenditure is funded equally by all eight Pension Funds and are recharged on an annual basis
5. External Consultants include Investment & Legal Consultants, these costs are also funded by all eight Pension Funds

There was an underspend of £55k for the year, which was mainly due to:

- Employee costs – Assistant Accountant not appointed
- Host Authority Costs – No staff travelling, staff training or subsistence and meeting expenses due to COVID-19
- External Consultants – Voting services has not been in place for the full year resulting in only part year costs.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

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

2019/20 (£)	Description	2020/21 (£)
	Expenditure	
56,138	Employee costs	59,455
21,250	Host Authority costs	13,556
146,673	External Advisor costs *	556,177
75,000	Host Authority Support Service costs	77,063
299,062	Total Operating Expenditure	706,251
	Income	
(299,062)	Constituent Authority Recharges **	(706,251)
(299,062)	Total Operating Income	(706,251)
0	Total Comprehensive Income and Expenditure	0

* The budget for External Advisor costs increased in 2020/21

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

BALANCE SHEET

The Balance Sheet shows the assets and liabilities of the WPP as at 31 March 2021.

31st March 2020 (£)	Description	31st March 2021 (£)
	Current Assets	
367,489	Short Term Debtors	381,767
367,489	Total Current Assets	381,767
	Current Liabilities	
(223,716)	Cash and Cash Equivalents	(188,185)
(143,773)	Short Term Creditors	(193,582)
(367,489)	Total Current Liabilities	(381,767)
0	Total Net Assets	0

CASH FLOW STATEMENT

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

2019/20 (£)	Description	2020/21 (£)
	Cashflow from operating activities	
0	Net (surplus) / deficit on the provision of services	0
	Adjustments for:	
(228,978)	(Increase) in trade and other debtors	(14,278)
132,841	Increase in trade and other creditors	49,809
(96,137)	Net Cash from operating activities	35,531
	Net (Increase) / Decrease in cash and cash equivalents	
(127,579)	Cash & Cash Equivalents as at 1 April	(223,716)
(223,716)	Cash & Cash equivalents as at 31 March	(188,185)
(96,137)	Cash and cash equivalents as at 31 March	35,531

NOTES TO THE ACCOUNTS

Statement of Accounting Policies

General

The Statement of Accounts summarises the transactions of the Wales Pension Partnership (WPP) for the 2020/21 financial year and its position at the year ended 31 March 2021. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Going Concern

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

Accruals of Income and Expenditure

Financial Statements have been prepared under the Accruals concept of accounting which requires that both income and expenditure must be recognised in the accounting periods to which they relate rather than on a cash basis.

Cash and Cash Equivalents

The WPP itself does not operate or control its own individual bank account. Carmarthenshire County Council in its role as the Host Authority administers all cash and cash equivalent transactions on behalf of the WPP.

Provisions, Contingent Assets and Liabilities

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

Value Added Tax (VAT)

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

Employee Benefits

Direct employees supporting the activities of the WPP are contractually employed by Carmarthenshire County Council, with additional support being provided by Carmarthenshire on a recharge methodology. Employee remuneration costs will be disclosed within the Financial Statements of Carmarthenshire County Council.

Investments

No investments are held directly with the WPP. The sub funds opened as part of the pooling arrangement sit within the financial statements of the respective pension funds. The Operator costs and other fees relating to these investments are shared between the eight LGPS Funds based on their individual percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV). These are not cash transactions.

Short Term Debtors

2019/20 (£)	Description	2020/21 (£)
365,616	Constituent Authorities	380,854
1,873	Prepayments	913
367,489	Total Short-Term Debtors	381,767

Short Term Creditors

2019/20 (£)	Description	2020/21 (£)
69,130	Trade Creditors	103,500
74,643	Accruals	90,082
143,773	Total Short-Term Creditors	193,582

Audit Costs

In 2020/21 the WPP incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office.

2019/20 (£)	Description	2020/21 (£)
8,558	Audit Fees	2,590
8,558	Total External Audit Fees	2,590

Related Party Transactions

WPP is required to disclose material transactions between partners, bodies, individuals or related parties, that could potentially influence the decisions of the JGC or be influenced by the JGC. The WPP has arrangements in place requesting members and Officers to identify and disclose related party transactions. These interests are declared and assessed at the start of each JGC meeting.

Any transactions between parties outlined above will require disclosure to allow the users of these Financial statements to assess the extent to which the JGC's independence could potentially be impaired or influenced by another party's ability to transact with the Committee.

During 2020/21 Carmarthenshire County Council, as Host Authority for the WPP raised debtor invoices to all eight LGPS pension funds to recover the running costs of the WPP, as detailed in the CIES. The tables below show the total value of transactions raised during 2020/21 and the debtor balances outstanding as at 31 March 2021.

2019/20 (£)	Description	2020/21 (£)
52,383	Cardiff & Vale of Glamorgan Pension Fund	88,281
32,383	Clwyd Pension Fund	88,281
32,383	Dyfed Pension Fund	88,281
32,383	Gwynedd Pension Fund	88,281
32,383	Powys Pension Fund	88,281
32,383	Rhondda Cynon Taf (RCT) Pension Fund	88,281
32,383	City and County of Swansea Pension Fund	88,281
52,383	Greater Gwent (Torfaen) Pension Fund	88,281
299,062	Total Related Party Transactions	706,251

2019/20 (£)	Description	2020/21 (£)
72,170	Cardiff & Vale of Glamorgan Pension Fund	52,583
52,170	Clwyd Pension Fund	52,583
19,787	Dyfed Pension Fund	0
52,170	Gwynedd Pension Fund	52,583
32,383	Powys Pension Fund	52,583
52,170	Rhondda Cynon Taf (RCT) Pension Fund	52,583
32,383	City and County of Swansea Pension Fund	65,356
52,383	Greater Gwent (Torfaen) Pension Fund	52,583
365,616	Related Party Transactions outstanding at year end	380,854

Carmarthenshire County Council charged the WPP for administration and support services during 2020/21. Invoices have also been received from Gwynedd County Council for services they have provided in the form of translation services. The table below shows the value of these services and the creditor balances outstanding as at 31 March 2021.

Related Party Transactions - Creditors	Value of services provided during 2020/21 £	Balance outstanding as at 31 March 2021 £
Carmarthenshire County Council	137,655	0
Gwynedd County Council	7,999	1,717
Total	145,654	1,717

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

Prior Period Adjustment

No Prior Period adjustments were made during the financial year 2020/21.

Investments and Performance

The WPP's Constituent Authorities have total assets of circa £21.6bn (as at 31 March 2021), £9.4bn of which are invested in WPP's existing sub-funds, outlined in the table below.

Sub Fund	Asset Value	Managed by	Performance Benchmark	Participating Funds **	Underlying Investment Managers
Global Growth	£3.061 bn	Link Fund Solutions	MSCI ACWI ND	RCT 52% Dyfed 28% Gwynedd 15% Powys 5%	Baillie Gifford, Veritas and Pzena
Global Opportunities	£2.624 bn	Russell Investments	MSCI ACWI ND	Swansea 47% Torfaen 19% Gwynedd 16% RCT 14% Clwyd 4%	Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, NWQ and Oaktree
UK Opportunities	£0.674 bn	Russell Investments	FTSE All Share	Cardiff 66% Torfaen 34%	Majedie, Lazard, Baillie Gifford, Ninety-One and Liontrust
Global Credit	£0.791 bn	Russell Investments	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)	Torfaen 35% Dyfed 33% Powys 28% Cardiff 4%	Western, Logan Circle, Fidelity and T Rowe Price
Global Government	£0.527 bn	Russell Investments	FTSE World Government Bond Index (GBP Hedged)	Torfaen 52% Cardiff 48%	Bluebay and Colchester
Multi-Asset Credit	£0.714 bn	Russell Investments	ICE BofA SONIA + 4% p.a.	Clwyd 35% Gwynedd 25% Cardiff 22% Powys 9% Swansea 9%	ICG, Man GLG, BlueBay, Barings and Voya
UK Credit Fund	£0.551 bn	Link	ICE BofA ML Eur-Stg plus 0.65%	RCT 100%	Fidelity
Absolute Return Bond Fund	£0.456 bn	Russell Investments	ICE BofA SONIA + 2% p.a.	Gwynedd 67% Powys 19% Swansea 14%	Wellington, Putnam, Aegon and Insight

* Asset Under Management (AUM) value as at 31 March 2021

** % holdings as at 31 March 2021

During 2021/22, the WPP will be launching an Emerging Markets sub-fund.

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

Constituent Authority	Asset Value as at 31/3/21	% of each Constituent Authorities' assets
Cardiff & Vale of Glamorgan	£0.676 bn	27%
Clwyd	£0.197 bn	9%
Dyfed	£1.280 bn	42%
Gwynedd	£0.682 bn	27%
Powys	£0.238 bn	32%
RCT	£0.574 bn	13%
Swansea	£0.776 bn	30%
Greater Gwent (Torfaen)	£0.811 bn	23%
Total	£5.233 bn	

Investment Performance

The investment performance of the existing sub-funds was particularly pleasing over the year, see table below.

	WPP 12-month performance to the 31 March 2021 (Net of Fees)			
	Inception Date	Fund %	Benchmark%	Relative%
Equity sub-funds				
Global Growth	6 February 2019	48.95	38.94	10.01
Global Opportunities	14 February 2019	42.21	38.94	3.27
UK Opportunities	11 October 2019	41.01	26.71	14.30
Fixed Income sub-funds				
UK Credit *	19 August 2020	(0.63)	(0.41)	(0.22)
Global Government Bond *	19 August 2020	(0.91)	(2.62)	1.71
Global Credit *	20 August 2020	(0.09)	(1.21)	1.12
Multi-Asset Credit Fund *	11 August 2020	5.91	2.58^	
Absolute Return Bond *	30 September 2020	2.04	1.02^	

* Please note that the performance is since inception.

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

Markets bounced back strongly after the global economy was hit by the pandemic in Q1 2020. The continued support of monetary policy and a further expansion of fiscal stimulus drove a rapid recovery throughout the world and equities rallied as a result. With lockdown restrictions easing from the end of Q2, investor confidence built up in July and August which favoured equity markets. Collectively this drove strong returns over the first half of the period for the WPP Global and UK equity funds. Over the second half of the period, we saw global markets surge adding to the positive performance of the WPP Global and UK equity funds. This was a result of major Covid-19 vaccine breakthroughs, a finalised Brexit deal between the UK and the EU and political certainty in the US with Joe Biden's presidential election victory. The positive sentiment boosted global economic growth prospects for 2021 resulting in investors rotating into stocks and market sectors which had been out of favour. The WPP Global and UK equity funds were positioned to take advantage of this finishing the period ahead of their benchmarks.

The WPP fixed income funds were launched during Q3 2020. The more positive outlook and significant monetary and fiscal stimulus provided by governments was a benefit across a variety of fixed income sectors. Although positive, this sentiment resulted in government bonds selling off. However, the positioning of the WPP fixed income funds which have government bond exposure meant they fared well over the period. Higher exposure to UK government bonds however was a detractor from performance as yields rose near the end of the period. The improvement in market sentiment saw investors looking for exposure to riskier assets. This benefitted the more credit orientated WPP fixed income funds as their positioning in corporate credit markets allowed them to take advantage of the increasing prices. Corporate high yield credit spreads also tightened leading to increased prices, a positive for the WPP fixed income funds who have exposure to these bonds. Securitised bonds also benefitted from record fiscal stimulus and robust housing markets. Although a short period, overall the WPP fixed income funds performed well.

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

The OWG is also looking at ways to develop investment performance monitoring mechanisms with a key focus on ESG and Climate Risk metrics. Working closely with the Pool's Oversight Advisor, Hymans Robertson, the Responsible Investment Working Group have been reviewing Climate Risk and ESG reports to establish what metrics the OWG would like to see reported on going forward. Initially just focussing on the active equity Sub-Funds, the reporting has now been expanded to include the Fixed Income Sub-Funds. The reports draw on third party climate and ESG data to allow the RI Working Group to scrutinise present portfolio positioning, benchmark portfolios against index comparators and determine the actions that need to be taken.

Pooling Costs and Fee Savings

There are various costs associated with pooling; there are transition costs which are one-off costs that occur at the point when the funds are transitioned into the sub-funds and there are also annual running costs. The transition costs for the sub funds which have been pooled as at 31 March 2021 are shown in the table below:

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

The total annual running costs for 2020/21 equates to £4,045k

As well as increasing fund performance for individual funds, through pooling and economies of scale, lower Investment Management fees have resulted in cost savings for Constituent Authorities. The table below illustrates the annual cost savings for WPP's Global Equity Sub-Funds, UK Opportunities Equity Sub-Fund and Fixed Income Sub-Funds:

	Asset Value as at 31/3/21 £000's	Gross Annual Savings * £000's	Savings as a % of Asset Value
Global Equities	5,685,813	7,133	0.13%
UK Equities	674,460	273	0.04%
Fixed Income **	3,039,900	145	0.01%

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

** Part year – funds were launched in July and September 2020, see table on page 25

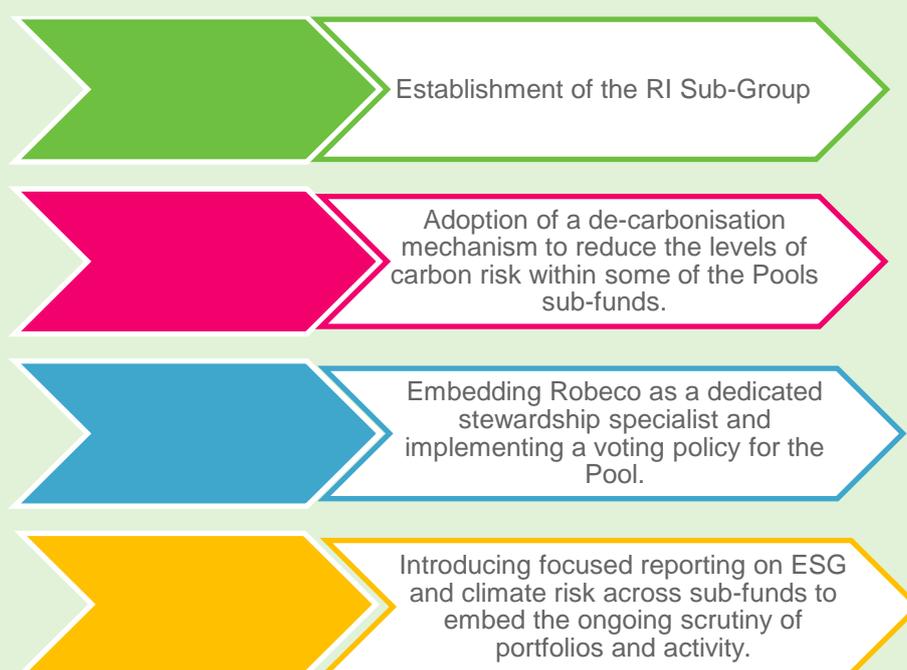
The data above shows that although there are high initial costs for transitioning individual fund's assets into the pool, the annual savings far outweighs the annual running costs, £3,506k in 2020/21 (excluding transition costs).

Passive Investments, as detailed on page 27 also provide a total fee saving of c£2m per annum.

Responsible Investment

Responsible Investment, alongside consideration and evidential management of Environmental, Social and Governance issues has been a key priority for the WPP since we were established in 2017. Various activities have been carried out over the year to embed Responsible Investment practices in all that we do which we believe will result in better outcomes for the Pool's stakeholders. To showcase our commitment to RI and Stewardship activities, the Pool is preparing to submit its first annual report to become a signatory of the FRC's UK Stewardship Code for the reporting year to 31 March 2021.

We are very proud of the progress we have made during the year which has included:



Following the appointment of Robeco in 2020 as the Pool's Voting and Engagement Provider, we have worked closely with them to agree our Engagement Principles. Going forward Robeco will help ensure these Principles are met and continue to be in keeping with the Welsh Constituent Authorities' membership of the Local Authority Pension Fund Forum ('LAPFF'). Robeco has taken on responsibility for implementing the Voting Policy across WPP's £5bn active equity portfolio as well as reporting to WPP and the underlying Funds. Details of these voting policies and figures will be published in our UK Stewardship Report submission for the reporting period.

In 2020 the WPP Responsible Investment Sub-Group was created. 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). Over the reporting period the group carried out various activities including:

- Formulating an Annual WPP Responsible Investment Workplan that allows the WPP to progress its RI objectives;
- Working with WPP's appointed investment managers, Voting and Engagement provider, advisers, and other service providers to ensure that WPP's responsible investment and climate change policies are effectively implemented;

- Developed practices for monitoring and reporting on responsible investment issues to fulfil WPP's obligations to its stakeholders;
- Monitoring responsible investment activity, including ESG metrics and voting and engagement records and provide or direct challenge as necessary;
- Considering market and regulatory developments to ensure that evolving best practice can be taken into account by WPP;
- Engaging 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;
- Representing the WPP on RI matters, which will include acting as a spokesperson in external forums.

The RI Sub-Group has already demonstrated its effectiveness and efficiency by delivering on one of the main commitments made in both the WPP's RI and Climate Risk Policies – the development of reporting that allows the WPP to monitor and manage RI and Climate Risk risks. The Sub-Group have started receiving detailed RI and Climate Risk monitoring reports for its active equity Sub-Funds and are looking at how these reports can be developed going forward.

The past year has also seen the launch of a highly innovative de-carbonisation mechanism to reduce the levels of carbon risk within some of the existing sub-funds. This carbon reduction overlay on the existing active equity sub-funds will significantly reduce the WPP's exposure to carbon emissions.

As a culmination of the groups RI activities over the year, the Pool will be publishing its first Responsible Investment Stewardship Report, with the view of becoming a signatory of the FRC Stewardship Code.

Communications & Engagement

Improving the WPP’s communication has continued to be a key priority over the last 12 months, building on the work carried out in 2019/2020. The WPP website is regularly updated and remains an excellent tool to: learn and understand more about the pool; keep track of our recent activities; and discover our policies, procedures and governance arrangements. The website can be found here:

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

WPP also has a LinkedIn page which is regularly updated:

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

In December 2020 we held a second communication workshop and following this workshop, we developed our Communication Policy further, ensuring it remains appropriate, up to date and meets the needs of key stakeholders. The updated WPP’s Communication Policy is available on the WPP website Please do continue to check both our website and LinkedIn page to receive updates on all of our endeavours.

Communication has been challenging over the past year, with COVID-19 restriction meaning that face to face meetings have not been possible. However, all planned engagement meetings have progressed as planned through the use of virtual meeting. All Constituent Authorities, suppliers and other stakeholders have embraced this new way of engagement, and this has enabled important work and priorities to progress.

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

Engagement mechanisms	Frequency
Strategic Relationship Review meeting	Bi-Annual
JGC Engagement	Quarterly
Manager Performance Meetings/ Calls	Quarterly
Training Events	Quarterly
OWG Engagement	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 will continue to develop its communication and engagement methods.

Training

During 2020/21, the WPP formulated its own training policy which sets out the WPP's approach to training and requirements. The policy outlines the strategy that WPP has put in place to ensure that its Personnel and decision makers have the required knowledge base to fulfil their roles and make decisions that will deliver the best possible outcomes for the WPP's stakeholders. WPP's training policy and annual training plans are designed to supplement existing Constituent Authority training, it is not intended to replace or override the need for and importance of local level training. Local level training needs will continue to be addressed by the Constituent Authorities while the WPP will offer training that is relevant to the WPP's pooling activities.

Despite COVID 19, we were able to fully deliver on the 2020/21 WPP Training Plan. We hosted seven virtual training events over the year, most of which were open to Constituent Authority Pension Committee and Pension Board members, as well as Officers and Joint Governance Committee (JGC) members, with over seventy attendees present at some of the sessions. The topics covered during 2020/21 were:

- Robeco – Voting and Engagement
- Managing Conflict of Interest
- Performance Metrics
- Asset classes – Alternatives
- Progress of other LGPS pools
- Collaboration Opportunities
- Decision Logging
- Identifying lessons to be learnt
- Transparency Requirements
- Enacting guidance and regulation
- Climate Risk
- Operator monitoring

In December 2020 a training requirements questionnaire/ assessment was issued to all JGC members and Officers, the responses were analysed and a list of future training topics identified which was then used to develop the 2021/22 WPP training plan.

During 2021/2022 the WPP will facilitate training on the following topics

- Product Knowledge - Private Market Asset Classes & Implementation / Fund Wrappers & Governance
- Responsible Investment - Indices and Solutions / Reporting
- Investment Performance and Risk Management - Performance Reporting & Manager Benchmarking / Roles & Responsibilities within the ACS
- Guidance, Regulatory Requirements and Best Practice - Good Governance / Cost transparency
- Market Understanding - Progress of other LGPS pools / Collaboration Opportunities

The Training Policy and full WPP Training Plan for 2021/2022 can be found on the WPP website.

Conclusion

As you can see the WPP has had another very productive year. With Covid19 we faced some unexpected challenges initially with offices being closed and travel restrictions in place but we are pleased to say that with the move to working from home and virtual meetings, we quickly adapted and successfully delivered on our 2020/21 workplan.

We would like to thank all of the WPP's Personnel, the Constituent Authorities, advisors and providers who have made this possible. The Officers Working Group and Joint Governance Committee also deserve a special mention for their work and support throughout the year. While it is important to recognise the achievements of the last 12 months our focus has already shifted to the 12 months ahead. The work due to be carried out over the next 12 months, will see the WPP continue to develop as a Pool so that it can continue to meet and facilitate the interests and needs of the Constituent Authorities. A workplan of the areas that WPP will focus on during 2021/22 has been developed and forms part of our 2021-2024 business plan which is available on our website.

Particular highlights over the next year will include:



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

Contact Details

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

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

The website and LinkedIn page can be found here:

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

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

