

Stewardship Report

Wales Pension Partnership

For the year ending 31 March 2021



Foreword

I am delighted to present the Wales Pension Partnership's (WPP's) first Annual Stewardship Report, covering the year 1 April 2020 to 31 March 2021.

This report, which has been prepared by the Officers of the eight Constituent Authorities that together make up the WPP, and reviewed and approved by the Joint Governance Committee, explains what the WPP in conjunction with its various service providers have been doing during the year to fulfil the stewardship obligations set out in our responsible investment policy. The report also sets out how we have complied with the principles underlying the updated UK Stewardship Code.

The reporting year presented unforeseen and unique challenges for all of us. Despite the challenges that the tragic outbreak of Covid-19 posed, the WPP has spent time putting in place the infrastructure to implement its responsible investment policy and has demonstrated progress against each of the 19 commitments of this policy. Operationally, moving to online meetings has facilitated collaboration between the eight Constituent Authorities.

One key area of focus during the year has been to improve the resource devoted to the exercise of stewardship. Two developments in this area are worthy of note:

- We completed the appointment of Robeco as the WPP's Voting and Engagement provider during the early part of the year. We then worked with Robeco to develop our Voting Policy and Engagement Priorities, with Robeco taking on responsibility for the implementation of WPP's voting policy across our £5.2bn active equity portfolio from 1 January 2021 and representing WPP's interests through corporate engagement activity across our asset base.
- Recognising the need for the ongoing scrutiny of our providers, we established our Responsible Investment (RI) Sub-Group. The role of the Group is to support the development and implementation of WPP's responsible investment policies and has officer representation from all Constituent Authorities. This group now meets twice every quarter.

The RI Sub-Group has been busy since it was formed, helping to develop the WPP's workplan, developing the WPP's voting policy in conjunction with Robeco and building an ongoing monitoring regime across the WPP's sub-funds. The Sub-Group also serves as a scrutiny body and, working with WPP's advisers, has put in place processes to challenge the providers the WPP has in place.

Climate change and the risks and opportunities that this brings was also an area of significant focus for WPP over the year. We developed and published our own climate risk policy during the year, outlining our collective Climate Risk Beliefs and the measures we have adopted to manage climate risk within the WPP Sub-Funds. Our focus on climate change has also fed into the development of our voting policy, with climate change being one of our ongoing policy priorities.

Working with Russell Investments, we also developed and launched an innovative 'decarbonisation initiative' for our £2.5bn Global Opportunities Sub-Fund. Whilst this was implemented following the year-end, this serves to deliver both efficiencies in portfolio management and a 25% reduction in the carbon intensity of the fund managed by Russell Investment. We see this as a very positive first step in meeting our long-term sustainability goals.

Education has remained important and, despite the impact of the pandemic, we completed our training plan for the year. Stewardship has been a key element of this training programme and we held sessions with BlackRock, Hymans Robertson, ShareAction and the Principles for Responsible Investment over the course of the year addressing subjects such as collaboration, climate action and alternative index fund management. This has helped to build knowledge amongst all those who are part of the WPP and allows for more effective decision making and oversight.

Finally, we are cognisant of the need to provide information to all our stakeholders. One particular area of focus for the RI Sub-Group has been on the development of reporting that both supports the ongoing oversight of our sub-funds, and which allows us to cascade information to the Constituent Authorities. We made good progress in developing a monitoring regime towards the end of the reporting year, have subsequently delivered training to stakeholders on this topic, and are well placed to enhance our reporting over the coming year.

The last year has seen us begin to build on the solid foundations we have laid. With many of the key elements of our stewardship capability in place by the year end, we see the 2021/22 year as a period of consolidation and refinement. In particular:

- Our voting policy will be reviewed towards the end of the year, drawing on the experience that we have gained from working with Robeco over the 2021 calendar year. It is our intention to evolve this policy to focus on the principles and issues that matter to the eight Constituent Authorities;
- Climate risk will remain a focus for the WPP. This will remain one area that we will continue to encourage Robeco to focus their stewardship efforts and we will continue to challenge them to do more, ensuring that progress is made on engagements around climate risk and net zero ambitions.
- We will also be working to develop both a sustainable equity strategy and a range of private markets funds. We intend to put the consideration of stewardship and climate risk at the centre of this work.
- Finally, we will seek to improve the transparency of our activities, working to share more information with all our stakeholders on the activities of the WPP, demonstrating that we are striving to be good stewards of our assets.

We are delighted with the progress that has been made over the last year and I hope that the next 12 months will be just as successful.

Clive Lloyd
Chair of the Wales Pensions Partnership Joint Governance Committee

October 2021

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1 Purpose and governance

Principle 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Established in 2017, the Wales Pension Partnership (“WPP”) is a collaboration of the eight Local Government Pension Scheme (“LGPS”) Funds covering the whole of Wales. The eight LGPS funds are referred to as the Constituent Authorities. The WPP is one of eight national LGPS Pools across England and Wales. The eight Constituent Authorities making up the WPP are as follows:



The Constituent Authorities have a long, successful history of collaboration, including examples that pre-date the Government’s pooling initiative and the formation of the WPP. WPP is proud of its unique identity as a Pool – its Constituent Authorities represent and span the entirety of the country, providing a geographical alignment of interests. Being democratically accountable means the WPP provides the best of strong public sector governance and transparency.

WPP’s operating model is designed to be flexible and deliver value for money. WPP has appointed an external Operator and makes use of external advisers to bring best of breed expertise to support the ongoing management of the Pool. The Operator is Link Fund Solutions and they have partnered with Russell Investments to manage the investments and assist in the reduction of investment management costs for all the Constituent Authorities. The WPP, through consultation with all eight Constituent Authorities, has formulated its primary objectives which 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 WPP works from a set of shared beliefs

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. The full set of shared beliefs can be found in the Pool's [Governance Manual](#) and are set out below.

Our shared investment beliefs

- 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.

These beliefs are reflected in the WPP's chosen operating model but have also informed the means through which WPP has sought to evolve its approach to stewardship. For example, the focus on improving governance has seen the development of the WPP's Responsible Investment Sub-Group during the year, providing a separate body to develop policy and scrutinise outcomes. The RI Sub-Group also reflects the benefits of collaboration. We expand on the role of the RI Sub-Group later under Principle 2.

WPP has recognised that its also needs external expertise in order to achieve its objectives, this being reflected through the appointment of Robeco during the year, an issue that we also expand on later in this report. This appointment has allowed the WPP to build its ability to reflect its separate Responsible Investment beliefs.

Responsible Investment is regarded as key to delivering successful outcomes to stakeholders

The WPP defines Responsible investment within its policy as *"investment practices that integrate the consideration of ESG factors into investment management processes and ownership practices, recognising that these factors can have a material impact on financial performance."*

WPP's long-term ambition is to demonstrate leadership on responsible investment practices in managing assets for and on behalf of the Constituent Authorities. WPP recognises that the development of beliefs represents best practice for asset owners. Building on its core organisational beliefs, in consultation with the Constituent Authorities, the WPP has also developed and agreed the

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

Responsible Investment beliefs

- The RI behaviours we want to see demonstrated by all our stakeholders must be led by WPP;
- Integration of ESG factors, including climate change, into investment processes is a prerequisite for any strategy given the potential for financial loss;
- 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;
- Our impact on corporate behaviours will be greatest when we speak with one voice;
- Effective oversight of RI practices requires clear disclosure and measurement of comprehensive data.

These beliefs are reviewed annually with the last review taking place in Q4 2020. They form the core 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 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.

Through this structure, the WPP has acknowledged its role in providing leadership for all Constituent Authorities and particularly the need for collaboration. However, given the model employed, the WPP has also acknowledged that it must work alongside, and rely heavily on, its appointed providers.

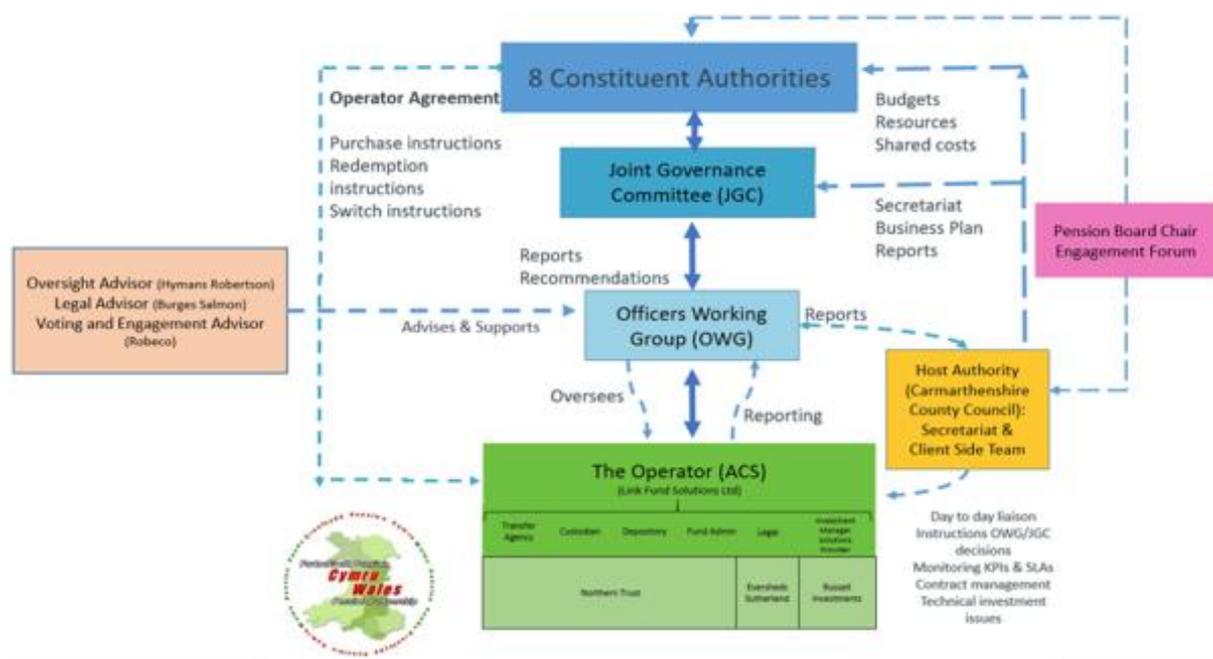
One key articulation of this structure over the last 12 months has been the focus on stewardship through the appointment of Robeco and the consequent development of a single voting policy. Implementation of this policy from 1 January 2021 has given the WPP an ability to speak with one voice and, as this policy evolves with ongoing input from the Constituent Authorities, the WPP expects to see a growing focus on issues that are important to our stakeholders.

WPP regards the progress in addressing stewardship over the last 12 months as positive. With all eight Constituent Authorities represented on the RI Sub-Group, we have ensured that all of our direct stakeholders can input to decisions. This approach, coupled with our other forums, means that each Authority is able to raise issues of local importance, with issues then being prioritised for action. For example, the RI Sub-Group has given effect to the need for effective oversight and, in working with its providers, has worked to develop a more detailed monitoring process, noting that this will ultimately lead to greater transparency from the WPP. This will allow the WPP to meet another of its core beliefs, the need for effective internal and external communication.

Principle 2: Signatories’ governance, resources and incentives support stewardship.

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 (“JGC”) 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.

The Pool has since established a clear governance structure with dedicated Sub-Committees to ensure effective decision-making can take place. The WPP is responsible for ensuring that its business is conducted in accordance with regulation and guidance. It 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 relevant legislation. The WPP’s IAA can be found in its Governance Manual.

The JGC 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 Officers Working Group (OWG) was established with the purpose of providing support and advice to the JGC. The group meets at least four times a year. In a similar fashion to the JGC, the OWG 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, Local Authority Pension Fund Forum (LAPFF) and Audit Wales representatives are also invited to attend OWG meetings when required.

Members of the OWG additionally meet on a fortnightly basis. These virtual meetings are used to deal with any matters that arise in between formal OWG meetings, being used to progress activities as necessary. This arrangement continues to foster collaboration between the Constituent Authorities and the WPP's suppliers and has allowed for stewardship issues to be discussed on an ad hoc basis as needed. For example, these informal meetings allowed for the development of WPP's low carbon overlay strategy and the voting policy.

The WPP has also established a number of 'sub-groups' which have been 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. These sub-groups are:

- The **Responsible Investment Sub-Group** which is responsible for formulating and delivering 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-Group** which is responsible for procurement exercises.

WPP believes that both the level of time devoted to all WPP business by Officers and Advisers coupled with the increasingly granular focus on different activities allows it to devote adequate time and resource to each of its activity.

WPP has built its focus on stewardship

Establishment of the Responsible Investment Sub-Group was a critical action by WPP to ensure that it devoted sufficient time and attention to stewardship activity. The RI Sub-Group comprises Officer representation from each Constituent Authority, supported by external advisers to provide expert input as required.

The RI Sub-Group operates under its own Terms of Reference with its primary role being to support the development and implementation of the responsible investment and climate change policies of the WPP. The primary areas of focus for the RI Sub-Group are:

- 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;
- Developing 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;
- Acting as a conduit for engagement with external stakeholders, including other LGPS funds and pools.

One of the key outcomes that WPP has sought to achieve has been to provide focus on stewardship activity. The creation and subsequent activity of the RI Sub-Group has 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. For example, the RI Sub Group now receives detailed RI and Climate Risk monitoring reports for each of the WPP's Sub-Funds on a quarterly basis and ensures that WPP continues to meet its broader agenda, as set out in Principle 6.

Case study: Building knowledge among key stakeholders

The WPP is committed to continually learn and evolve. 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.

WPP has drawn on external resource for support

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.

Of the various relationships in place to support its day-to-day governance activities, WPP draws heavily on four external providers to support their stewardship activity.

Link Fund Solutions Ltd (The Operator)

Link Fund Solutions Ltd (Link) have been appointed as the external Operator and, with the support of Russell Investments, they work to facilitate the delivery of effective investment management solutions and strong net of fee performance for all the Constituent Authorities.

Link support the WPP's Stewardship activities by providing vital services including manager oversight reporting, including performance and manager ranking changes as well as customisations of manager guidelines requirements, in particular with regard to Responsible Investment and ESG criteria.

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. Although Russell are not explicitly appointed as engagement provider, they still exercise stewardship duties to the WPP. Greater detail on some of the activities Russell provide for the WPP can be found under Principles 7 and 9.

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 in addition to providing specialist input to the RI Sub-Group.

Robeco UK (Proxy Voting & Engagement Provider)

During the year, Robeco were appointed as the WPP's Voting and Engagement provider following a competitive tender exercise. Their role is to assist the WPP in maintaining a Voting Policy and Engagement Principles that are in keeping with the Constituent Authorities' membership of the LAPFF. Further, Robeco have taken responsibility for implementing the Voting Policy across WPP's £5.2bn active equity portfolio as well as reporting to WPP and the underlying Funds.

Case study: Embedding Robeco as a dedicated stewardship specialist

Following the appointment of Robeco in 2020, we worked closely with them to agree both a Voting Policy, to consult on key Engagement Principles and develop a regular reporting regime. This engagement involved a series of meetings that allowed Robeco to understand both our current governance structure and reporting requirements and establish the necessary data feeds and processes. Further meetings also sought to build engagement with the JGC and others on the role that Robeco would fill.

As detailed later in this report, Robeco also provided input to the development of WPP's own voting policy and voting priorities, both of which were formally adopted by WPP during the course of the year, with Robeco formally taking on responsibility for voting activity from 1 January 2021. WPP, through members of its RI Sub-Group, also engaged with Robeco on setting engagement priorities.

WPP recognises that there is a need for ongoing improvement

As WPP has worked to embed its providers and the processes that are needed, so it has become clear that there are areas which need to be improved. Two particular areas for improvement that have been identified and addressed are:

- Separating the work of the RI Sub-Group between scrutiny and policy development. It was determined that greater focus was needed within the RI Sub-Group on each of these areas which has led to the Group running two programmes of work.
- Building processes to identify stewardship themes of importance. During the year, WPP provided initial input to Robeco on engagement themes of importance although these had been informed by ongoing dialogue within WPP rather than through a more fundamental dialogue. WPP has put in place an improved process to provide input during 2021 and plans a more detailed exercise during 2022 which will sit alongside the intended review of the WPP's voting policy.

WPP also recognises that reporting against the Stewardship Code principles is itself informative and plans to ensure that this process is itself reviewed and learnings embedded into the WPP's activities.

Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

The Constituent Authorities of the WPP have always had to identify, manage and monitor conflicts of interest. The process of 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.

WPP's approach to managing Conflicts of Interest is detailed in its [Conflict of Interest Policy](#). This Policy was designed to demonstrate its commitment to identifying, managing and monitoring conflicts of interest. The key principles of WPP's approach to managing conflicts are:

- **Identification:** parties should be forward looking in their approach to create the ability to manage any conflicts of interest which arise;
- **Recognition:** parties must acknowledge any conflict of interest they may have;
- **Disclosure:** parties should be open with each other on any conflicts of interest they may have;
- **Management:** parties should work to adopt practical solution to conflicts wherever possible.

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. 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.

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.

Case study: Working with industry organisations

One member of the RI Sub-Group was invited to join an industry body in a non-executive capacity. This body seeks to drive best practice on areas of investment and is a potential channel through which WPP may engage in future. Whilst not viewed as a source of conflict, the individual updated their Conflicts of Interest disclosure and informed various parties of the appointment.

WPP manages potential conflicts with its External Providers

As part of its Conflicts of Interest policy, the WPP recognises that its use of External Providers may be a source of conflict and has ensured that its providers have their own conflicts policies in place.

Russell Investments:

The WPP engaged with Russell to discuss potential conflicts of interest as stewards of capital. As an investment manager, Russell confirmed they may have structural conflicts of interest which are known and have to be managed, such as being paid based on AUM levels.

As it relates specifically to the WPP, Russell has always ensured any potential conflicts of interest are managed effectively. As part of this, they have a cost-plus fee structure in place, which allows underlying cost savings through time to be passed back to WPP. Russell also note that that they do not run any monies in-house for the WPP, removing a potential source of conflict.

Robeco UK

Robeco's Stewardship Policy outlines their approach to identifying and managing conflicts of interest. The approach is based on Robeco's 'Conflict of Interest procedure'. In 2020, in the normal course of the Robeco's stewardship activities, some potential conflicts of interest were identified and managed according to the stewardship policy. These involved, for example, executing proxy votes at the AGMs of (prospective) clients or affiliates of Robeco.

Case study: Voting conflicts

To avoid the potential conflict of interests involved in electing directors on the board of Orix Corporation, Robeco's mother company, Robeco refrained from providing WPP with advice on how to vote for the shareholder meeting of Orix Corporation.

Hymans Robertson

Hymans Robertson has a mandatory policy for the management of conflicts across all of its group companies which its staff are required to follow. Conflicts may arise where Hymans Robertson are retained to provide advice to one of the Constituent Authorities within Wales, whilst also providing advice to the WPP.

A number of such advisory relationships already exist and have been disclosed to all parties. The conflict is managed on an ongoing basis by ensuring the teams advising WPP are not responsible for the ongoing advice to individual Constituent Authorities. Where any new instruction may be given, Hymans Robertson has advised both WPP and the relevant party of the potential for conflict.

Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

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 has been embedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency. A dedicated Risk Sub-Group has been established to maintain and evaluate the WPP's [Risk Register](#) on a quarterly basis.

WPP has focused on climate change as a key systemic risk

The WPP strongly believes that climate change is a systemic risk and an immediate concern. This has created focus and an imperative to act. During the reporting period WPP drafted and agreed a [Climate Risk Policy](#), outlining WPP's unified climate risk beliefs and what measures they have adopted to manage climate risk within the WPP Sub-Funds. The key aspects of this policy are:

- To recognise WPP's role in facilitating the ability of the Constituent Authorities need to implement their own climate risk policies, providing solutions that meet their collective needs;
- To progressively reduce the likelihood that climate-related risks impact on the value or performance of the assets held within the WPP's sub-funds;
- To monitor exposure to climate related risks within the sub-funds and provide reporting to Constituent Authorities on climate exposures as necessary
- To ensure that investment managers and other providers properly address climate risk in the provision of their services or management of assets;
- To ensure that climate risk is addressed within the exercise of stewardship by Robeco.

During the year, the WPP has focused on the implementation of a low carbon solution (see case study below), the development of appropriate monitoring for the sub-funds and the development of its approach to stewardship, ensuring that climate considerations were reflected in the approach adopted. Following the reporting period, the WPP has also reviewed and updated its Climate Risk policy.

Case study: Developing equity solutions to meet Constituent Authority Needs

As noted in its climate policy, one of WPP's primary roles lies in the development and implementation of solutions that meet the needs of its underlying Constituent Authorities. One such goal agreed with the Constituent Authorities during the year was a desire to reduce exposure to carbon emissions as a potential source of transition risk within global equity assets.

During the year, WPP worked with Russell to develop and implement an innovative mechanism using Russell Investments' Enhanced Portfolio Implementation (EPI) infrastructure to reduce the levels of carbon risk exposure across £2.5bn of the assets within the Global Opportunities Fund. The implementation of this change has seen the WPP's global equity mandate achieve a targeted reduction in both its carbon footprint and fossil fuel reserves exposure by 25% relative to its global benchmark. We expand on this change in Principle 6.

WPP has also worked with Baillie Gifford, one of the managers within the Global Growth Sub-Fund, to gain comfort with, and implement a change, to their mandate introducing a process that is better aligned to the Paris Agreement. As a consequence of this change, which was introduced following the year-end, a small number of non-aligned companies were removed from the portfolio.

Russell has updated its own Sustainability Risk Policy to better reflect the need to address climate change and improve disclosure

WPP works closely with its key Service Providers to ensure that their processes are updated to properly address market changes and systemic risks. In early March 2021, Russell Investments adopted a new Sustainability Risks Policy as part of their response to the new Sustainable Finance Disclosure Regulation (“SFDR”) requirements. Russell Investments formally wrote to its underlying investment managers, extending certain practices to its sub-advisers in order to achieve the desired inputs and facilitate disclosure requirements. This communication established the following:

- Making each sub-adviser responsible for identifying and considering sustainability risks and opportunities of investments and determining, in their opinion, whether they are or could potentially be financially material.
- Making sub-advisors accountable for monitoring and disclosing sustainability risks to Russell Investments, on an ongoing basis, and as part of regular quarterly meetings. This includes:
- Reporting & Governance: with respect to disclosure/transparency on climate change related risks.
- Physical risk exposure & management: with respect to holdings most exposed to physical risks of climate change (e.g. sea level rises, flooding, extreme heat, drought), including examples of management response to such risks.
- Transition risks/opportunities: holdings most exposed, positively or negatively, to likely policy shifts or technological adaptations.
- Metrics: climate risk data or research sources used as part of the portfolio management process.
- Preparing managers for increased due diligence by Russell Investments’ investment professionals, including research analysts and portfolio managers, of the active ownership activities of subadvisors.
- Encouraging subadvisors to identify and collaborate with Russell Investments on mitigating sustainability risks via joint stewardship activities such as voting and engagement.

Given the WPP has delegated manager selection and portfolio management to Russell, this change to the approach taken by one of its key providers reduces the risks that the expected future regulatory changes to address climate risk will have a material impact on the management of sub-funds. Further, this evolution of approach will serve to influence the broader behaviours of other asset managers as higher standards are demanded and more detailed information on climate related risks are required.

Covid 19 impacted operational considerations for WPP

The Covid pandemic during the year had an impact primarily on how the WPP operated. From a model where Officer meetings were often held in person, the WPP quickly migrated to a system of online meetings, improving the overall effectiveness and use of resources by the WPP. This facilitated more regular ongoing scrutiny of the performance of sub-funds.

Further, whilst the WPP had been working with Russell for a number of months on the development and implementation of its range of fixed income funds, these funds were originally scheduled to be launched in April 2020. Recognising the considerable market certainty that then prevailed, a decision was taken to defer the launch of these funds for several months until August 2020, thereby ensuring that the underlying Constituent Authorities were not implementing change during a period of high volatility and uncertain market conditions.

Covid 19 has also influenced the engagement themes adopted by Robeco

Outside of climate change, labour rights have come under the spotlight after the Covid-19 pandemic worsened conditions that were already problematic in industries vulnerable to the shutdowns. Essential workers in those retailers allowed to open during the lockdowns were more highly exposed to infection risks while facing low wages, longer working hours and insecure employment conditions.

While online food delivery provided a lifeline for many, workers in this industry – also called the ‘gig economy’ – often do not have an employment contract, access to collective bargaining, or social protections such as pension schemes. In the hospitality industry, workers have been severely impacted by the containment measures, and many lost their jobs when hotels and restaurants were ordered to close, with little to fall back on. Robeco’s engagement in 2021 will focus on risks related to labour practices in the retail, online food delivery and hospitality industries and the WPP will be discussing further with Robeco what outcomes have been achieved.

WPP’s impact to date has been primarily on its own Sub-Funds, rather than the broader market

In implementing its approach to the management of climate risk, WPP’s efforts and impact have been primarily focused on its own sub-funds. Given its climate risk policy was only introduced during the year, WPP believes the work undertaken to date is proportionate. WPP does however benefit from the broader engagement efforts of Robeco, with the weight of its assets contributing to the dialogue that Robeco undertake with companies through collaborations such as Climate Action 100+.

WPP however remains keen to make a broader impact and has had some dialogue with other parties, primarily seeking input to inform the development of its approach. This has included discussion with organisations such as ShareAction and Friends of the Earth. WPP will continue to explore how it can work with other stakeholders to influence change and address systemic risks.

Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.

WPP has a number of policies in place that govern the manner in which it implements Sub-Funds and exercises stewardship over the assets under its control. This is illustrated below:



Within this structure, two aspects matter to WPP's assets:

- The overarching principles dictate the manner in which WPP expect its sub-funds to be operated and otherwise guide the activity of WPP and its Service Providers;
- The three investment policies inform the manner in which stewardship is exercised by WPP.

WPP has developed a suite of stewardship policies

WPP has three policies in place which govern its approach to stewardship. Whilst the RI policy has been in place since 2019, in executing the commitments made in this policy, WPP has taken action to put in place two other policies as outlined below:

Responsible Investment Policy	WPP first introduced its RI policy in 2019. This set out the beliefs, objectives and ambition of the WPP to address responsible investment practices. This policy was updated during the year to reflect the fact that several of the ambitions set out in the policy had been completed.
Climate risk Policy	WPP recognised that climate risk was a significant consideration for its Constituent Authorities and, reflecting a commitment in its broader RI policy, worked to develop a standalone climate risk policy during the year. This policy was finalised during 2020 and will be reviewed annually. WPP is currently working to implement this policy
Voting Policy	Following their appointment, WPP worked with Robeco to agree an appropriate voting policy. Rather than developing a tailored portfolio, WPP reviewed the initial appropriateness of Robeco's standard policy and elected to adopt this as its initial template. WPP undertook to draw on the first years' experience of working with Robeco and understand its broader RI considerations and will use this to inform the first annual review of its voting policy which will take place later in 2021.

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. WPP has monitored compliance with its policies and used this to drive activity.

One of the tools employed by the WPP is an annual process of monitoring compliance with its policies. Working with its Oversight Adviser, the WPP has identified the various commitments made within its

initial policy and in December 2020, completed a review of progress against the 19 separate commitments made in the policy, as set out below. In the table below: ● indicates that the commitment was met; ● indicates some progress made against the commitment; ● indicates that no progress was made.

Commitment/Policy Statement	Assessment
WPP will consult with Constituent Authorities on at least an annual basis to determine their individual investment requirements and longer-term aspirations.	●
The WPP will consider opportunities arising from a greater understanding of ESG factors.	●
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.	●
WPP will encourage, through its suppliers, all investee companies to disclose in line with the requirements of the Taskforce for Climate Related Financial Disclosures.	●
In developing its ongoing approach to responsible investment, WPP will consult further with Constituent Authorities with a view to developing a WPP-specific climate risk policy.	●
The WPP 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.	●
WPP expects that, in all relevant circumstances, its Investment Managers will be signatories to the PRI and the UK Stewardship Code.	●
WPP has agreed to explore the possibility of employing a single engagement provider in conjunction with the prospective consideration of a proxy voting agent.	●
WPP will engage with its passive Investment Manager to consider how WPP's voting principles can be extended to assets managed by its passive Investment Manager.	●
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 Managers.	●
WPP will review the voting principles in conjunction with its advisers and Investment Managers on an annual basis.	●
WPP will continually identify and assess potential collaboration opportunities, including investor led responsible investment initiatives.	●
WPP will continue to collaborate with the cross-pool RI collaboration project at any suitable opportunity.	●
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 its portfolios.	●
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.	●
On an annual basis, the WPP will prepare and publish a stewardship report detailing the actions undertaken in fulfilment of this policy and the results achieved.	●
WPP will ensure there is at least one formal training session directly focused on Responsible Investment.	●
WPP will also explore the possibility of incorporating the United Nations' Sustainable Development Goals into its RI beliefs and its monitoring and measurement mechanisms.	●
WPP will review the adherence of all parties to this policy on an annual basis. WPP will publish the results of their assessment as part of their annual stewardship and governance report.	●

WPP noted that all of its policy commitments had been at least partially progressed at the point of review although progress on many of the commitments was ongoing. In many cases, this was a consequence of the timeframe over which actions were expected to be progressed. Five short-term actions were identified from this review, being:

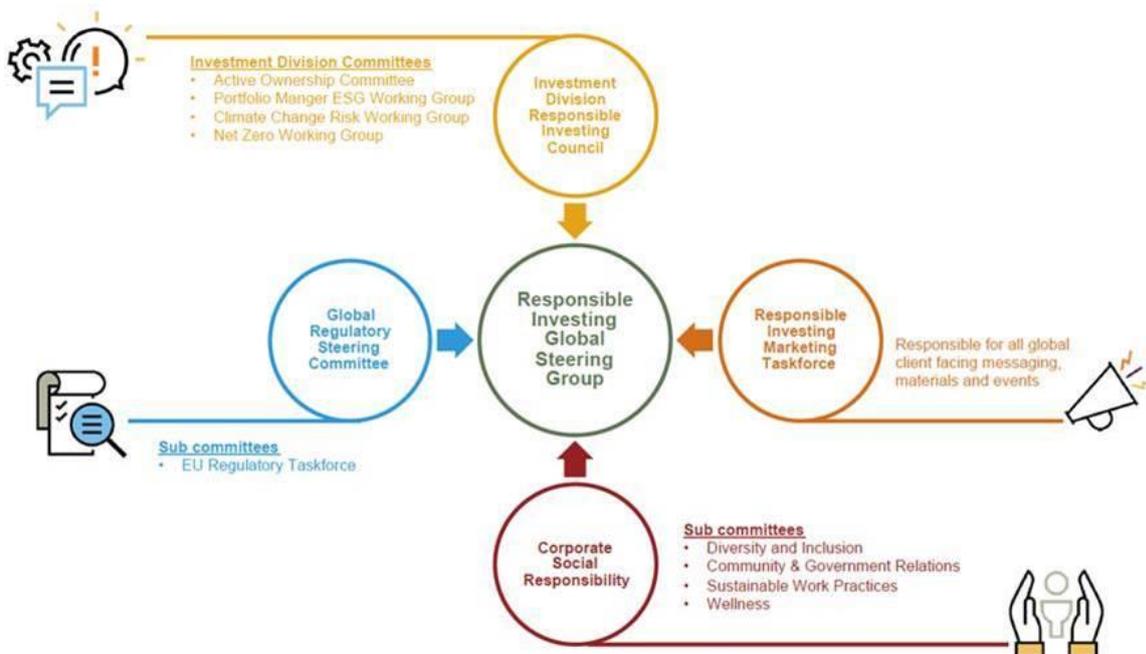
- To commence WPP RI & Climate Risk Reporting;
- Finalise Voting & Engagement Reporting Requirements;
- Consult with Constituent Authorities regarding minimum ESG/ RI standards;
- Consult with Constituent Authorities on their climate ambitions;
- Publish the WPP Annual Responsible Investment Progress Report.

The WPP notes that, by September 2021, it had completed all of these actions with the submission and publication of this report satisfying the final action. The WPP has subsequently determined to align the review of progress against its commitments with its year end, this also better aligning with future Stewardship Code reporting requirements.

WPP ensures its providers embed stewardship into Sub-Fund management

As noted, WPP delegates responsibility for the implementation of its Sub-Funds to Link and Russell as strategic partners. WPP expects these parties to 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.

Russell Investment’s policies and practices in relation to integrated stewardship are supported and developed by multiple formal groups within their organisation, charged with both evaluation and decision-making. These entities bring together experts from across investment disciplines, and drive manager research, portfolio management, active ownership practices and operational due diligence. This is illustrated in the diagram below.



Drawing on core responsible investing and climate change beliefs, Russell has formal policies related to responsible investing, climate and sustainability risks, as outlined below:

- **Responsible Investing Policy:** Russell's policy is to, wherever relevant, incorporate responsible investing into investment manager evaluation processes, portfolio management and when implementing proprietary solutions, as desired by clients.
- **Climate Change Policy:** Russell's policy is to research, measure, report and consider climate change risk and opportunities as integral parts of investment practice and active ownership, wherever relevant, and their business operations more generally. Russell measures, reported metrics and consideration of climate risk and opportunities are all integrated into sub-adviser research and selection, portfolio management, advice, proxy voting, shareholder engagement and day-to-day business.
- **Sustainability Risk Policy:** Russell's policy is to integrate sustainability risks within their investment solutions by identifying, evaluating and managing relevant risks in the investment manager review process and through the implementation of portfolio solutions.

These policies inform the manner in which Russell manage assets on behalf of the WPP, with WPP scrutinising the portfolios that WPP builds and testing the processes that are being employed. As noted under Principle 4, Russell has reviewed and updated its own Sustainability Risk Policy during the year to reflect the requirements of SFDR.

WPP has appointed an oversight adviser to provide support and assurance

Hymans Robertson has 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.

One of the ongoing roles of the Oversight Adviser will be to assess the management of the Sub-Funds and test the processes that are being employed, as outlined above. The first such review commenced following the reporting year end, but will be commented on in the 2021/22 report.

WPP's own stewardship reporting is an action being progressed over 2021/22

One key requirement of WPP's own stewardship processes is to develop its own reporting to stakeholders. The RI Sub Group has worked to develop reporting on the ESG and climate risk characteristics of Sub-Funds and intends to cascade this information down to Constituent Authorities. This reporting is being prepared independently of the reporting provided by the investment manager, serving to verify the information that is otherwise made available. Robeco also provide quarterly reporting on Voting and Engagement activity which has been shared with Constituent Authorities.

WPP recognises a need to consolidate the information provided and ensure that its stakeholders receive information that is relevant to them. WPP will continue to engage with the Constituent Authorities to develop appropriate reporting and will seek feedback on this to ensure that their needs are being met.

2 Investment Process

Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

The WPP exists to provide investment solutions to the Constituent Authorities, all of which are part of the Local Government Pension Scheme (LGPS), an open defined benefit pension arrangement with a long-term investment horizon. Whilst the underlying benefit provision within the LGPS is common to all, the development of strategy remains the responsibility of each Constituent Authority, taking into account their own policies, financial position and underlying membership.

The launch of sub-funds has directly met the needs of Constituent Authorities

WPP has launched eight Sub-Funds to meet the investment needs of the Constituent Authorities. The table below sets out the breakdown of assets within the pooling arrangement as at 31 March 2021.

Strategy	Participating CAs	Total £m
Equity: Global Growth	4	3,061
Equity: Global Opportunities	5	2,624
Equity: UK Opportunities	2	674
Fixed Income: Global Credit	4	791
Fixed Income: Global Government	2	527
Fixed Income: Multi-Asset Credit	5	714
Fixed Income: UK Credit	1	551
Fixed Income: Absolute Return Bonds	3	456
Pooled		9,398
Passive		5,233
Unpooled		7,003
Total		21,634

The launch of the Fixed Income sub-funds was a key objective for WPP over 2020/21 and in August and September 2020, WPP launched five Fixed Income sub-funds. The design and nature of which was driven by the needs and requirements of the Constituent Authorities.

Each Authority makes use of at least one of the sub-funds, demonstrating that the WPP has been able to develop a range of highly compelling investment solutions for our key stakeholders. Taking account of the passive assets which are managed by BlackRock, over two thirds of Welsh LGPS assets are now managed through the WPP.

WPP recognises that BlackRock employ a different voting policy for passively managed equities to that adopted for the WPP's actively managed equity assets. WPP intends to explore further with BlackRock the potential to evolve this approach to apply a single voting policy across all equity assets. WPP is not aware of any other material deviation from its policies.

Looking ahead, the WPP has been working with both its advisers and the Constituent Authorities to determine further pooled priorities and is currently planning the launch of an Emerging Market Equity and Sustainable Themed Global Equity Sub-Funds. In addition, the WPP is developing an approach to facilitate investment in private market and real assets.

Constituent Authorities have contributed to the evolution of WPP sub-funds

Over the year, WPP has progressed two developments within its Global Equity Sub-Funds, driven by understanding the requirements of the Constituent Authorities and its own engagement with its providers. Both developments have focused on addressing climate risk, which is a key priority for the WPP.

(1) Changing one of the underlying elements of the Global Growth Fund

The Global Growth Sub-Fund employs three underlying global equity strategies, one of which is the Global Alpha strategy managed by Baillie Gifford. During the year, the WPP engaged with Baillie Gifford to explore a proposed evolution of this strategy which more directly considered climate transition issues. In particular, Baillie Gifford has extended their process for managing the Global Alpha strategy to include quantitative and qualitative screens for companies that may not be aligned with the longer-term requirements of the Paris Agreement.

Following discussion with Baillie Gifford and those Constituent Authorities invested in the Global Growth strategy, it was agreed that the revised solution would better meet the needs of the WPP and the change to this element of the strategy was approved in March 2021, but is being implemented in November 2021.

(2) Introducing a low carbon overlay to the Global Opportunities Fund

Recognising the need to reduce the carbon footprint of its equity strategy as a mechanism for addressing climate risks, WPP worked with Russell to implement an adjustment to its existing Global Opportunities Fund to achieve a targeted reduction in both its carbon footprint and fossil fuel reserves exposure by 25% relative to its benchmark (the MSCI All Country World Index). The revised portfolio will also exclude companies that rely on coal to generate revenues.

The WPP is utilising Russell Investments' Enhanced Portfolio Implementation (EPI) infrastructure to achieve its decarbonisation targets. EPI leverages a centralised trading and portfolio management process with Russell Investments responsible for executing the investment strategies of the WPP's underlying fund managers. With this framework, the WPP is able to benefit from greater control and customisation around decarbonisation and other ESG-related objectives. EPI also seeks to deliver trade efficiencies through sizeable reductions in trading activity.

This change again drew on input from multiple stakeholders, with WPP understanding the needs of Constituent Authorities, working with Russell to understand the means of implementing change and ultimately being prepared to adopt an innovative solution. WPP was delighted that this approach was recognised at the 2020 LAPF Awards.

WPP has developed its communication strategy recognising all stakeholders

Improving communication has been a key workstream for the WPP during the last 12 months. With an objective of wanting our communication to all stakeholders to be engaging and accessible, we have held communication workshops to study different communication methods and the most appropriate way to engage with our audience. Following the workshops, WPP formulated its [Communication Policy](#) and launched our LinkedIn page.

Through this policy, WPP has identified a range of external stakeholders, in addition to the Constituent Authorities and underlying Pension Fund members on whose behalf it manages money, with whom it wishes to communicate. These external stakeholders include Government, Unions, the media and NGOs.

The WPP believes in being open and transparent as well as regularly engaging with its key stakeholders. As such the WPP will ensure the meetings of the Joint Governance Committee are accessible to the public via a live webcast stream. Meeting papers will also be made publicly available. Local Pension Board engagement days will also be held regularly as a means of fostering stakeholder engagement.

WPP regularly gathers feedback to allow policy development

As the pooling agent, the WPP undertakes to regularly engage with the eight Constituent Authorities and gather feedback on a range of topics. During the year, WPP established a consultation on RI and Climate Risk issues which sought feedback on a range of issues which included:

- Climate objectives and net zero goals;
- Exclusionary policies, including the consideration of divestment;
- Stock Lending and Voting considerations;
- Minimum ESG/ Climate Risk Standards;
- Future mandate developments.

This process, which will be repeated on an annual basis, enabled WPP to better understand what each Constituent Authority requires from the Pool in relation to RI and Climate Risk matters. For example, whilst the climate risk policy was regarded as being appropriate, it was felt that the policy needed to evolve to better reflect the positive investment opportunities that result from the 'low carbon transition'. Given one of WPP's roles is to ensure that its policies are properly executed, the change made to the Climate Risk policy following year-end will impact on WPP's work plan for 2021/22 and influence the development of future sub-funds.

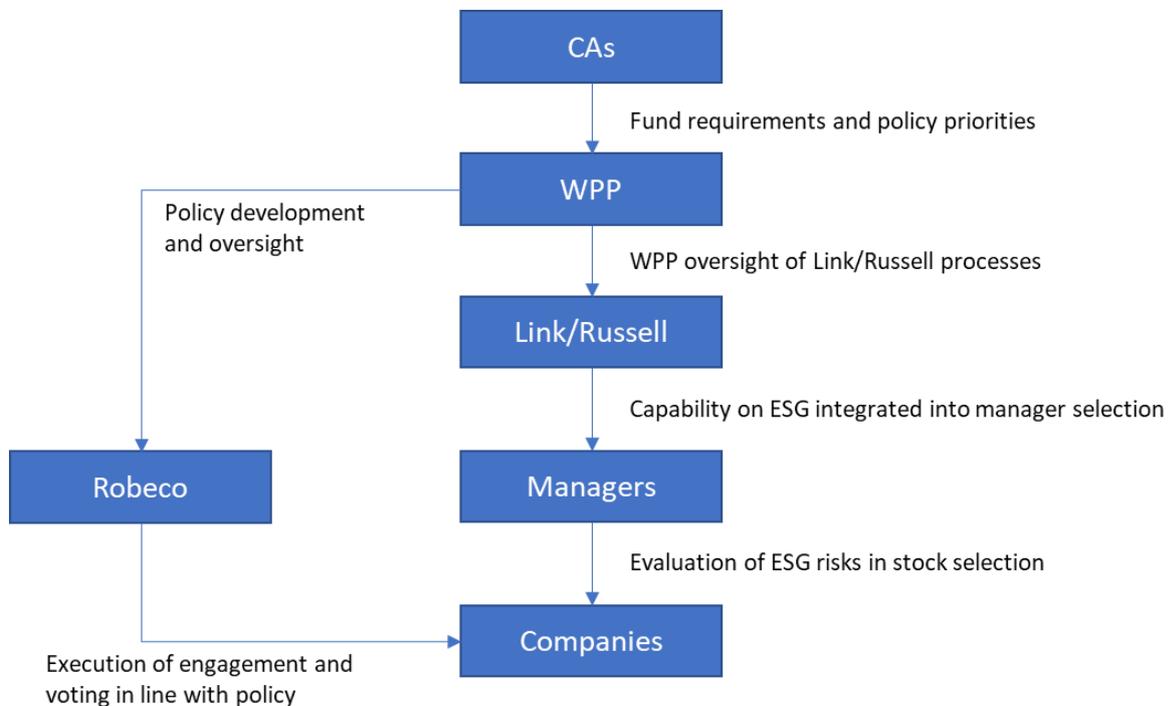
WPP is working to develop the communication of its stewardship activities

With a clear communication strategy in place, the WPP recognises the need to communicate its actions with these stakeholders. Over the year, WPP has worked to build its internal reporting to ensure that a broad range of stewardship information is available to the RI Sub-Group to allow the scrutiny of activity. Whilst this has made information on stewardship activity available to all Constituent Authorities through their membership of the RI Sub Group, WPP recognises that the final step in this process is to then cascade information on these activities to the underlying Constituent Authorities to meet their own needs.

Following the year end, WPP has begun engaging with its stakeholders to determine the information that they require to meet the needs of their own Committees and reporting requirements, and to allow a broader range of challenge back to WPP. WPP has committed to begin reporting to Constituent Authorities during the 2021/22 year.

Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities

In WPP's operational model, the consideration of ESG issues is integrated into processes in different ways, as illustrated in the schematic below. WPP has partnered with Link, Russell and Robeco for the implementation of its sub-funds and stewardship policy. WPP's responsibility lies in the development of appropriate funds and policies and the oversight of its partners.



Details as to how stewardship policies are integrated are set out in our response to principles 9 and 12 and we focus here on the integration into the ongoing management of sub-funds.

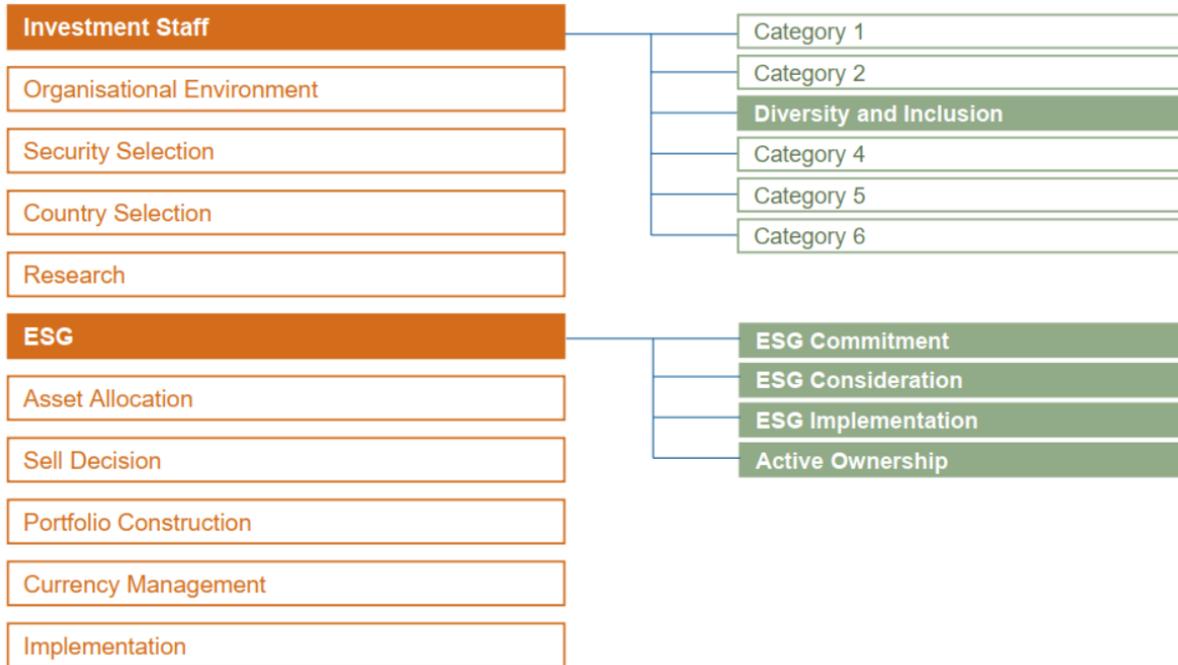
Russell integrate the consideration of ESG issues into their evaluation of manager products

In building sub-funds that meet our requirements, we draw on the expertise of Russell and their assessment of the different investment strategies that form each of WPP's sub-funds. Within this evaluation frameworks, Russell consider:

- **ESG Commitment**, seeking to ensure that ESG resources are robust and aligned with the investment process; individuals responsible for ESG have relevant experience and are skilled, and there is a variety of high-quality data sources and tools available to investment decision makers.
- **ESG Consideration**, strong awareness of the risk and return impact of ESG is evident. Breadth and depth of perspective are superior to peers and insights are derived from primary research and are differentiated.
- **ESG Implementation**, ESG insights are effectively and consistently translated into portfolio positioning. The manager can clearly demonstrate how portfolio positioning reflects the management of relevant ESG risk and return drivers.
- **Active Ownership**. The transparency, quality and duration of engagement with investee companies on ESG issues is consistently superior to peers. Success measures are clearly stated and appropriate. Where applicable, effort is made to make informed use of proxies.

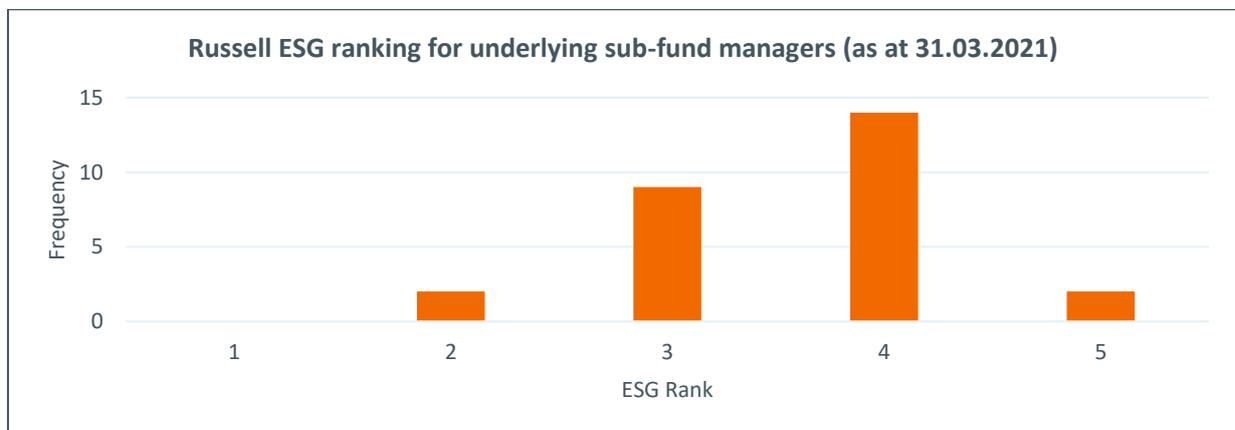
Whilst WPP have separately appointed Robeco to exercise ownership responsibilities over its holdings, this supplements the engagement that may otherwise be taken by the underlying investment managers in each portfolio.

Illustration of Russell evaluation framework



As noted in the Responsible Investment policy, WPP 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. This is considered by Russell as part of their investment process and reported to WPP on an annual basis.

Russell draw on their ongoing due diligence which considers product level reviews of the strategy, the key investment professionals involved in the strategy and quantitative analysis of the product. This is combined with an annual firm level review of managers’ ESG capabilities, all of which inform an ESG ranking for each manager (on a 1-5 scale, 5 being the highest). For the WPP’s Sub-Funds, the chart below provides a breakdown of the underlying managers ratings:



A score of 4 out of 5 means Russell believe that the firm's commitment, consideration, and implementation of ESG risks and opportunities is above peers. However, they continue to monitor and test the managers' approach to sustainability during annual research due diligence meetings and through quarterly fund reviews.

ESG factors can dominate the investment decisions when specific ESG issues are highly material. The quality preferences of Russell result in a portfolio with good ESG scores. Over the last year, through their due diligence, Russell observed and documented improved ESG integration with underlying managers, particularly:

- More visible links to buy/sell/hold decisions, and clearer record of evidence in an audit trail;
- Developed IT systems to accommodate ESG data;
- Increased engagements with companies to help them understand how to report effectively on their material issues.

For managers ranked as 2, WPP has sought explanation from Russell as to their views on each manager and the reasons why they are included portfolios.

- Manager X is a high conviction quantitative manager in US equities. While Russell rate their team and overall investment process favourably, they have rated the managers ESG practices as below average in US equities largely since (1) they lack a forward looking element to identify material-ESG related risks and opportunities and (2) active ownership and engagement efforts related to ESG are limited. The manager's commitment and consideration of ESG have been reasonable for a quantitative strategy and, to date, they have implemented governance related signals that are both additive and complementary to other signals in their quant model. Whilst having an unfavourable view of the managers approach, Russell view ESG as slightly less relevant for this strategy given its systematic, backwards looking emphasis.
- Manager Y is a high conviction strategy in the UK Equities space. Russell believe, however, that they are below average relative to UK equity peers in the incorporation of ESG into their process. While their process generally leads them towards investments in businesses that have good corporate stewardship, the portfolio managers do not include sustainability, environmental, social or governance factors into their screens or portfolio construction practices in an explicit manner or as a direct input. Russell believe that the systematic and inherently backward-looking nature of the investment process makes ESG slightly less relevant for this strategy than for those of some UK equity peers – specifically those whose processes require more subjective judgement and longer investment horizons.

WPP has accepted the reasoning provided by Russell, noting in both cases the underlying approach is more systematic in nature. WPP also notes that Russell are actively engaging with each manager to drive improvements in practices. WPP will continue to monitor the underlying characteristics of the portfolios that Russell manage, and the ESG rankings of the managers employed.

WPP has considered how to improve the integration of ESG considerations

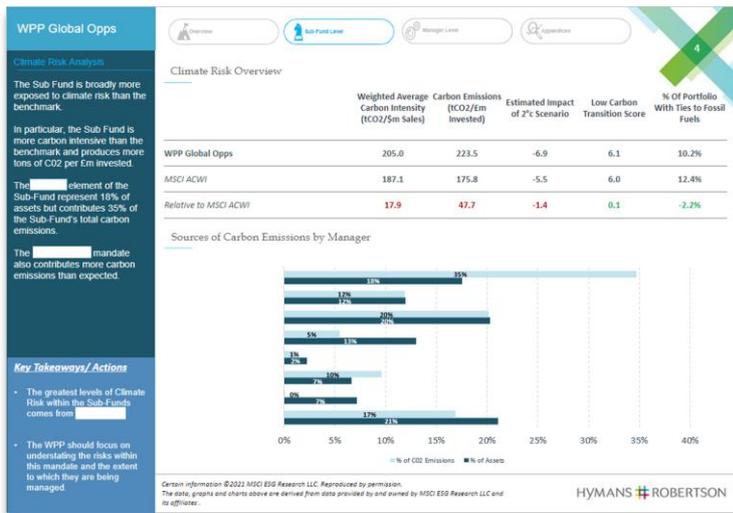
One of the key improvements to the integration of ESG considerations over the year has been through the ongoing dialogue on how to meet Constituent Authorities' climate goals. As noted in Principle 6, one of the key developments over the year was the evolution of the process for management of the Global Opportunities Fund through the integration of EPI. WPP believes this demonstrates how processes can be improved to meet the emerging needs of the Constituent Authorities.

Principle 8: Signatories monitor and hold to account managers and/or service providers

In operating an outsourced model, the WPP is responsible for the direct scrutiny of its key providers, with Russell then responsible for the direct oversight of the underlying managers employed within the Sub-Funds. The relationship between WPP and Robeco was only established during the reporting year and processes have been implemented over this period as already reported. However, there has already been a number of challenges made of Robeco and the decisions taken, as outlined in Principles 9 and 12.

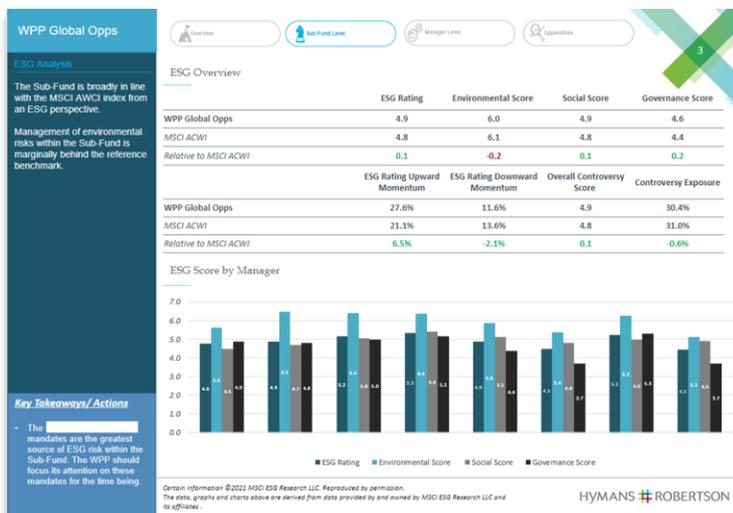
WPP exercises oversight of Russell’s processes on stewardship and ESG integration

Over the year, WPP has worked to build its ability to scrutinise Russell’s processes around stewardship and independently assess the characteristics of its Sub-Funds, including understanding the basis on which the ESG ratings are assigned. This reporting and the issues covered are illustrated below:



Climate metrics

- Levels of emissions
- Ownership of emissions
- Exposure to potentially stranded assets
- Engagement with low carbon transition



ESG metrics

- Quality of management of ESG risks
- Trends in ESG risk management
- Exposure to controversies

Whilst the content of this analysis remained in the process of development at the year-end, the intention is to allow assessment at a granular (sub-fund manager) level. This scrutiny in turn will inform the dialogue with Russell and provide engagement priorities across portfolio holdings for Robeco.

One of the roles played by the RI Sub Group is to undertake an annual review of the policies and process that Russell has in place, in line with the WPP's annual workplan. As noted in Principle 5, this is supplemented by a separate review undertaken by the Oversight Adviser. The RI Sub-Group had its initial meeting with Russell in January 2021, the objective being to supplement the ongoing discussion that takes place between WPP and Russell and focus on evidencing the process that are employed. This review took the form of a structured discussion with Russell responding to a series of questions, building the Sub-Groups understanding of Russell's approach.

A conclusion from this process was the need for more data and examples on the execution of process to ensure that WPP can meet its broader policy commitments, with the provision of manager ESG ratings being one example of this. WPP will be working with Russell over the 2021/22 year to address this further and to put in place further KPIs that can be assessed.

WPP benefits from the independent oversight of its providers

As noted, the WPP also employs Hymans Robertson as an oversight adviser. Hymans' role is to provide independent advice and challenge on the development and implementation of the strategies developed by Russell. One example of this has been in the development of a private markets solution for the WPP, where it was ultimately agreed to undertake a more complete market review for potential providers.

3 Engagement

Principle 9: Signatories engage with issuers to maintain or enhance the value of assets

WPP recognises the broader benefits of engagement on a range of thematic issues and has appointed Robeco to undertake engagement on its behalf. This relationship began during the year with Robeco beginning to represent WPP in its dialogue with the various companies in which it invests. Robeco follow a five-stage process in their engagement as outlined below:



As a new client during the year, WPP was not able to provide input to the 2020 engagement themes although Robeco was able to recognise the assets held within WPP Sub-Funds and ensure that these were captured in engagement activity.

WPP provided input to the annual review of engagement themes

Robeco undertake an annual process to collect ideas for thematic engagement from their clients, with WPP having the opportunity to provide input into this process, as illustrated in the schematic below:



Members of the RI Sub-Group participated in both a LGPS Client Panel and All Client Panel discussion during the year to provide input on areas of interest for WPP and its Constituent Authorities. WPP’s primary focus at inception was climate risk which it recognised as a theme by Robeco, although WPP also supported the other themes discussed, including Marine pollution given Wales is a coastal nation.

The table below sets out the themes that will be reflected in Robeco’s engagement activity over 2021 following the culmination of this process. The themes highlighted are those on which WPP will be placing particular focus on the outcomes achieved.

Environmental	Social Management
Biodiversity	Digital Innovation in healthcare
Climate action	Food security
Climate transition of Financial institutions	Living wage in the garment industry
Lifecycle Management of mining	Social impact of Artificial Intelligence
Net zero carbon emissions	Social Impact of gaming
Reducing global waste	Sound social management
Single use plastics	
Sound environmental management	
Corporate Governance	Global Controversy
Corporate governance in emerging markets	Global controversy engagement
Corporate governance standards in Asia	Palm Oil
Culture and risk governance in banking	
Cybersecurity	
Good governance	
Responsible executive remunerations	

New engagement themes for 2020/21 included:

- Biodiversity, which will focus on companies with supply chains exposed to high-risk commodities such as cocoa, natural rubber, soy, beef, and tropical timber and pulp. The objective is to improve companies sourcing and production practices;
- Net Zero Carbon Emissions, which reflects WPP's own climate focus: This focusses on four industries that are among the biggest contributors of worldwide carbon emissions (oil & gas, utilities, cement, and steel) with the objective of delivering smooth decarbonisation journeys within this theme.

WPP is cognisant of its need to build its own expectations of Robeco's engagement programme and means for providing input to the themes on which Robeco is actively engaging. This will be an area of activity during 2021/22.

WPP review and discuss Robeco's engagement activity on a regular basis

Robeco provide a quarterly report to WPP on progress against each of the engagement themes. This provides both a quantitative assessment of the progress made in addition to detail on overall levels of activity. Over the course of the period that Robeco have been engaging on behalf of the WPP, over 400 engagements were undertaken by Robeco with companies held by WPP.

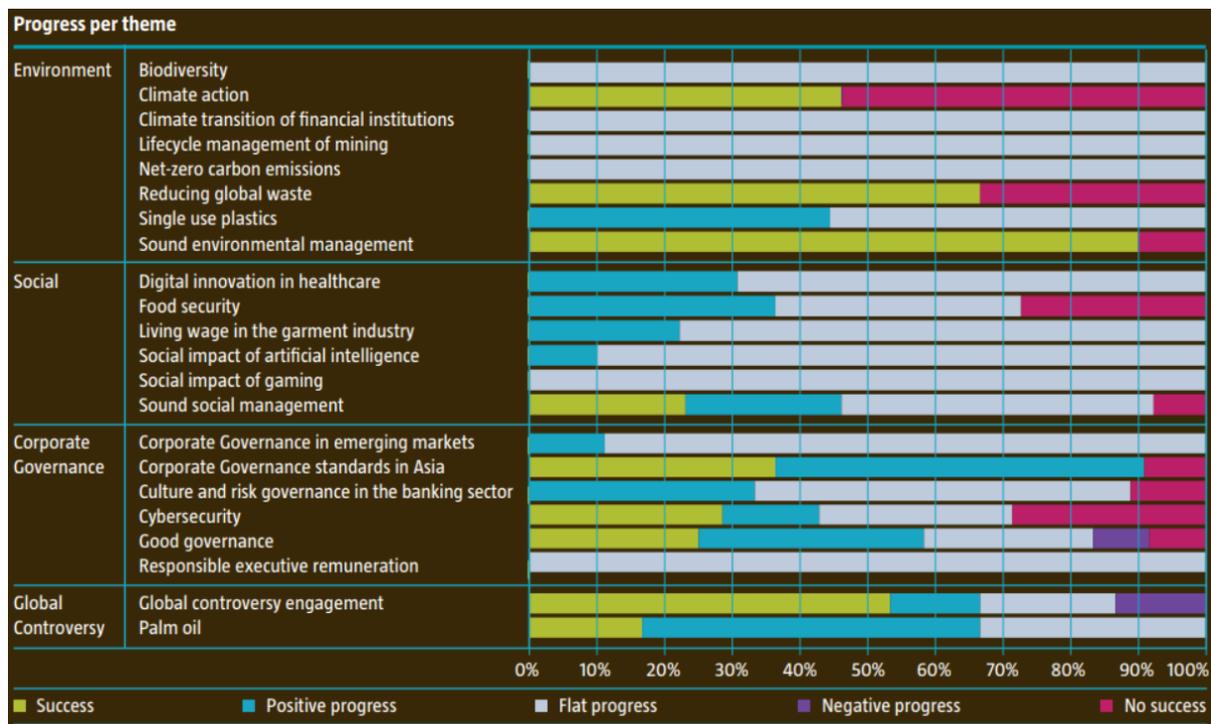
Thematic Area	Number of engagements during 2020/21
Environmental	155
Social Management	117
Corporate Governance	99
Global Controversy	33
Total	404

WPP recognises that progress is not measured by the number of engagements that are undertaken, but through the achievement of the objectives of each engagement. Robeco supports WPP in assessing this progress through more narrative reporting on the activity undertaken. This aids understanding of the engagement and the reasons for it whilst also allowing effective dialogue.

One key area of ongoing engagement is around climate risk and the drive for net zero carbon emissions. As investors, engagement is a robust and critical tool to ensure that companies, key industries, and the global economy are on a transition pathway that is aligned with the need to limit global warming to 1.5°C. Key engagement themes on the topic of climate which took place in past year include Climate Action, Net-Zero Carbon Emissions, ESG Challenges in the Auto Industry, and Climate change and well-being in the office real estate industry. Whilst the specific focus of each theme is different, their overall aim is the same: to encourage companies to begin a smooth decarbonisation journey and thereby ensure their long-term license to operate.

Following the introduction of the new Net Zero Company Benchmark by Climate Action 100+, Robeco has identified eight engagement objectives. Robeco will seek to better understand how companies view the transition, and what their main challenges are. At the same time, Robeco will inform them of the expectation to have strategies in place to decarbonise their businesses and the products they sell. Lastly, Robeco will call on them to make science-based commitments to climate action, ensure a just transition, and improve their disclosure on emissions-related topics, including their cost-benefit analyses of making the transition to net-zero.

More broadly, Robeco provides a status update of its progress of engagement themes on a quarterly basis. The position as at 31 March 2021 on current themes is outlined below with progress having been made on engagement in some areas. For example, the Climate Action theme has been closed (see case study below) with success having been achieved in 50% of cases against the objectives set whilst the Biodiversity theme remains relatively new, with flat progress to date. The WPP will use this reporting alongside other more granular reporting from Robeco to progress its own dialogue and challenge.



Case study: Climate Action theme

At the end of March 2021, Robeco closed its three-year engagement with the companies in the Climate Action theme. In the final assessment of progress made on the objectives, Robeco considered both the insights gained during our dialogue, and the results of the CA100+ benchmark assessment that came out in March 2021. From the 12 remaining companies in the peer group, Robeco was able to close its engagement successfully with six of them.

However, engagement with the other six was closed unsuccessfully. This very much reflects the fact that we are still at the very early stages of the energy transition. While Robeco positively view the fact that more companies are willing to set ambitious net zero emissions targets for 2050, the biggest challenge is translating these targets into clear and feasible transition plans. Although several companies have come a long way in acknowledging the sense of urgency to take action, most of them simply need more time to define their pathways.

Half of the focus companies showed a fair improvement by setting themselves some strong commitments, and we are very much encouraged by them. The utilities sector is the farthest advanced in the energy transition, while in oil and gas, only the European companies have taken action. Robeco remains concerned around the hard-to-abate sectors like chemicals, where there is still no clear transition pathway, and where technological innovation still needs to take place.

Robeco provide regular update reports which outline the engagement activity undertaken over each quarter which are considered by the WPP within the RI Sub Group with challenge or explanation demanded where necessary. The case study below illustrates one issue that was challenged.

Case Study: Differing views on a company

During a review meeting it had been noted that engagement activity by Robeco with Vale SA had been stopped in the past due to a lack of progress, whilst this remained a holding in two WPP Sub-Funds (Global Opportunities Fund; Global Credit Fund). This led to dialogue with Russell and the underlying investment manager responsible for the holding, and a need to understand reasons for the difference in views.

Robeco outlined views on prior engagements and the reasons why the engagement had been unsuccessful which ultimately led to a recommendation to exclude. The underlying manager that held the stock in the Global Opportunities Fund had come to a similar conclusion, but had continued their engagement with the company, with evidence provided of substantial ongoing dialogue. This had led to confidence being re-established in the company with a view that the company had entered a positive trajectory with regard to environmental risk management, and consequently a position being established in the company.

WPP note that their providers may take different views on individual holdings and, through the dialogue that they had in this instance, are satisfied that the conclusions reached by different parties were consistent

WPP encourages challenge on engagement activity from multiple stakeholders

WPP arranged a training session from Robeco with members of the OWG and JGC to ensure that its stakeholders were aware of the activity being undertaken on its behalf. This raised awareness of the mechanisms for engagement and encouraged challenge. Given the range of stakeholders involved in the oversight of WPP, there is good knowledge of the activities being undertaken by LAPFF which has allows JGC members to raise challenge activities being undertaken.

Case study: Challenge by the JGC

One example of this challenge that has arisen in the analysis of engagement in respect of WPP holdings have been on **Royal Dutch Shell**. Robeco deemed the engagement with Shell as having been successful in that the underlying objectives were achieved. However, progress has been challenged by the JGC which, drawing on input from LAPFF, has taken a different view on the extent of the progress that has been made.

Whilst dialogue on this subject has continued post the end of the reporting year, an ongoing discussion with Robeco has built an understanding of the next steps in the engagement process that will continue under a different theme with further objectives being set.

WPP regards the challenge and feedback process that its structure has encouraged as positive and will continue to facilitate this form of dialogue within its governance structure. Further, WPP is working to ensure that reporting on engagement progress is effectively cascaded to all stakeholders.

WPP also benefits from Russell Investments engagements

Although Russell are not explicitly appointed as engagement provider, they still contribute to the exercise of Stewardship for WPP. The case study below illustrates one further engagement.

Case Study: Russell's partnered engagement with an Irish construction materials company on climate transition management

Russell Investments has consistently prioritized outreach on climate change risk and sustainability in direct and collaborative engagements. Russell broadened the scope of their engagements in this area when they joined Sustainalytics' Climate Transition theme. Sustainalytics had begun engagement with this company in 2018, by highlighting the importance of disclosure, emissions reductions, and expectations from an investor perspective in relation to climate transition risk.

A member of Russell Investments' Engagement Subcommittee joined this discussion, led by Sustainalytics, in Q4 2020. The meeting evinced the Company's tremendous progress on following through with the commitments previously made to Sustainalytics, particularly aligning to TCFD reporting standards, as well as efforts of further disclosure through the development of science-based targets. A particular emphasis was placed on the importance of interim goals for alignment to long-term reporting standards, and the Company took this guidance from Sustainalytics, and integrated it into their efforts.

The Climate Transition theme ended in Q1 2021, with this company having been established as a leader in working groups in developing a framework for science-based targets for the net zero built economy. The company continues to work on alignment with TCFD standards. While the Climate Transition engagement ended, the issues it addressed did not. Key challenges facing companies include translating qualitative and descriptive materiality into key financial impacts and measuring and reporting on Scope 3 emissions.

Going forward, Russell Investments intends to continue their outreach on these issues.

Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

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 Robeco, WPP will seek to identify investor led responsible investment initiatives and collaborations that can be actively supported.

Whilst WPP's direct involvement with collaborative action is in its relative infancy, it has taken some action to build its understanding of collaborations over the year. For example, at a training session in November 2020, representatives of both the Principles for Responsible Investment and ShareAction presented to the JGC to outline the work being undertaken, building knowledge amongst members of the Joint Governance Committee of activities that may be prioritised in future.

WPP leverages the collaborative efforts of its providers

A further collaborative action on microplastics was raised during discussions of the RI Sub-Group and it was established that this initiative was being directly supported by Robeco. This example illustrates the leverage that the WPP can gain acting through its service providers and notes that Robeco is an active member of Climate Action 100+, thereby collaborating directly with other providers on behalf of the WPP. Russell also joined the Climate Action 100+ initiative during 2020.

Case Study: Robeco's Engagement with Royal Dutch Shell Under the CA100+ Collaboration

Royal Dutch Shell was the first oil and gas company to introduce an ambition to reduce its carbon footprint, stretching out to 2050. On its 2021 Strategy Day in February 2021, Shell tightened its net-zero emissions targets and announced it was giving shareholders an advisory vote on Shell's climate transition plan at this year's AGM.

Much of this progress by Shell has come as a consequence of the ongoing engagement with Shell under the CA100+ umbrella, which has been led by Robeco (in conjunction with the Church Commissioners). As a direct client of Robeco, WPP's assets provide leverage to this engagement activity although, as noted elsewhere in this report, WPP will hold Robeco to account over the action that has been taken.

WPP collaborates directly in some areas to build best practice

One area of direct collaboration undertaken by WPP is through the Cross-Pool RI collaboration project at any suitable opportunity. The group includes LGPS pools from England, Scotland and Wales, and includes both funds and pool operators. The forum allows for discussion between the LGPS investors, who operate in the same regulatory environment and with similar expectations from Constituent Authorities and beneficiaries on RI and ESG topics.

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. LAPFF is a forum for Local Government Pension Funds and is the UK's largest collaborative shareholder engagement forum, engaging across a broad range of ESG themes with investee companies. WPP is a pool member of LAPFF and feeds into the annual engagement work plan.

WPP draws directly on LAPFF's voting alerts which are fed into the voting policy as described in Principle 12. Further, information gained from LAPFF engagement provides a basis for ongoing dialogue and challenge of Robeco's own activities, thereby ensuring that discussions are constructive.

Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.

WPP relies on its providers to escalate concerns that are raised

The WPP see escalation in relation to their engagements as a key aspect of effective stewardship, and has therefore been working closely with Robeco to ensure that escalation where necessary is embedded into their approach.

Robeco believe that a constructive dialogue with the companies in which WPP's clients invest is more effective than excluding companies from the investment universe. Robeco and the WPP considers exclusions from the investment universe to be an action of last resort, applicable only after engagement and escalation has been undertaken. As a responsible asset owner, WPP will look to influence issuers whenever possible.

With this in mind, where initial engagement fails, Robeco will implement 'enhanced engagement', where they escalate dialogue with companies on specific topics. Enhanced engagement follows a breach of minimal norms of behaviour and can finally be escalated with an exclusion from the investment universe of a company that does not improve its ESG behaviour after the engagement has concluded. In both value and enhanced engagements, a lack of responsiveness by the company can be addressed by seeking collective engagement, attending a shareholder meeting in person, or sharing written concerns with the board, and can lead to adverse proxy voting instructions on related agenda items at a shareholder meeting. An example of voting escalation is given in relation to Cooper Companies Inc. under Principle 12.

Case Study: Robeco's Escalated Engagement Yara International

In view of the lack of progress with getting in contact with the company, Robeco escalated engagement by sending a letter to Yara's Investor Relations and VP Sustainability Governance inquiring to respond to the initial dialogue request on the topic of food security. Unfortunately, Robeco did not receive any response after the deadline stated in the letter and despite several additional attempts to establish a constructive dialogue from our end.

Robeco felt that although Yara identifies food security as its most material sustainability topic, disclosure on the issue is very limited. Reporting on sustainability governance structures, innovation management and Yara's sustainable development contribution is severely lacking. Robeco closed the engagement as unsuccessful given the attempts at dialogue were unsuccessful, even with the escalated enhanced engagement.

From WPP's perspective all reports from Robeco also keep track of unsuccessful engagements and will discuss these with Robeco at regular meetings.

WPP will escalate concerns on individual holdings directly to providers where necessary

WPP undertakes direct discussion with the three underlying managers in the Global Growth Fund (Baillie Gifford, Pzena, Veritas). Through its monitoring regime, the WPP identified one holding in the Pzena portfolio with significant carbon emissions and flagged this concern with the manager during these discussions. Following a review by the manager of the position in the portfolio, the holding was subsequently sold.

4 Voting

Principle 12: Signatories actively exercise their rights and responsibilities

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. Prior to the appointment of Robeco and implementation of the WPP voting policy, individual managers within Sub-Funds were responsible for voting in line with their own house policy. By implementing a single policy, WPP has sought to ensure that all votes are cast in a consistent manner.

The WPP notes that this policy does not yet extend to passively managed funds where the passive provider is currently responsible for this activity.

WPP took a pragmatic approach to implementing its first Voting Policy

As noted in our response to Principle 5, the WPP has adopted Robeco's standard policy for its own policy. The RI Sub-Group considered various approaches for its policy development with Robeco, including the development of a "bottom up" policy but determined that adopting the house policy as an initial standard would allow the speedy implementation of a single standard.

One areas of particular focus in reaching agreement on the standard was the process by which shareholder resolutions were voted on, with the RI Sub-group keen to better understand the process that would be followed. Clarification on this was sought from Robeco and it was agreed to implement a notification process to allow such votes to be identified and reviewed. Consequently, whilst the standard policy was adopted, WPP worked with Robeco to put in place a weekly notification of forthcoming votes allowing the WPP to override voting recommendations if desired. No such vote has yet been overridden.

Discussion with Robeco helped the RI Sub-Group build a more detailed understanding of how voting policies were developed and evolved, as illustrated by the example below.

Case study: Challenging Robeco on voting practices around climate change

In discussing Robeco's approach to voting on climate issues, it was noted that one of the large proxy advisers had taken steps to evolve their voting recommendations on director elections in the face of climate inaction. WPP sought to clarify Robeco's approach.

"Robeco's voting policy has already since last year taken climate risk management and disclosure into account when voting on the election of directors. We have aligned our votes with the assessments conducted by the Transition Pathway Initiative (TPI) to ensure a consistent voting approach. For companies with a 0 or 1 score assigned by the TPI, we cast our votes against the Chair of the Board, and will adopt the same approach for WPP.

ISS has also made strides in 2021 to incorporate climate concerns in board election recommendations. However, their standard policy only contains a footnote pointing out that they will consider voting against proposals where boards have exhibited poor oversight of climate issues. Given the broad wording we cannot confidently assess to what extent their approach will be aligned with ours in the coming season. Nonetheless, we are encouraged that climate is becoming a more widely recognized area of oversight and believe ISS' update will help put this on the agenda of boards who have neglected their responsibilities before."

WPP has worked with Robeco to identify its priority voting areas

In the development of its voting policy, the WPP recognised the challenge of focusing on all voting activity as part of its review and therefore sought to put in place its own priority areas. The ongoing development of policy had highlighted a number of areas on which to focus with the RI Sub-Group selecting six areas where more detailed scrutiny would be applied. These are as follows:

Voting Priority	Rationale
Management of Climate Change	Climate change can have extensive and wide-ranging impacts on a company's performance and shareholder value. Climate Change, and the effective management of it, is an issue that should be addressed and considered by companies in every industry to protect shareholder value.
Climate Risk disclosures	Climate Risk represents a potential financial risk to investors, lenders and other stakeholders, they therefore have a right to know: The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning; How the organization identifies, assesses, and manages climate-related risks; The metrics and targets used to assess and manage relevant climate-related risks and opportunities
Improving shareholder governance	Supermajority vote requirements can prevent shareholders from implementing important governance measures that are in their best interests. The WPP believes that Voting Rights are critical in protecting and enhancing the long-term value of its investments, therefore it will vote against voting governance arrangements that are undemocratic and limit its ability to bring about change that is in the best interest of its stakeholders
Board diversity	It is beneficial for a Board to have a diverse range of perspectives and skills. High levels of Board diversity and sufficient levels of Board refresh should foster constructive debate and challenge, new idea generation and effective management which in turns should result in shareholder value.
Retention and Development of Human Capital	By encouraging companies to disclose their policies, performance and improvement targets related to material human capital risks shareholders will gain more insight as to how the company approached the issue of human capital in relation to both the current leadership team and the pipeline for future talent. Effective management and development of Human Capital will be beneficial to the investee companies' overall capital and market value.
Executive remuneration: focusing on long-term outcomes	Directors will make decisions that are in the long-term interest of the company if their own remuneration is linked to this performance metric. Remuneration packages that are tied to shareholder and employee experience should encourage directors to consider shareholder requirements and protect a main source of human capital, its employees.

The WPP has discussed and agreed these priority areas with Robeco and they will be a key element of the ongoing discussions and scrutiny being exercised. This will include taking a proactive stance to voting on shareholder proposals with a particular focus on these areas, as well as integrating these topics into Robeco's assessment of Board proposals, for example where a vote against management may be justified for companies with poor climate governance.

WPP has instructed Robeco to consider LAPFF voting alerts

All the Constituent Authorities are members of the Local Authority Pension Fund Forum. 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 Robeco to give consideration to all such LAPFF Alerts and, where Robeco considers it appropriate, to vote in line with the LAPFF Alert. In such instances where Robeco's view differs from LAPFF's, WPP will follow Robeco's advice but will ask for reasons why.

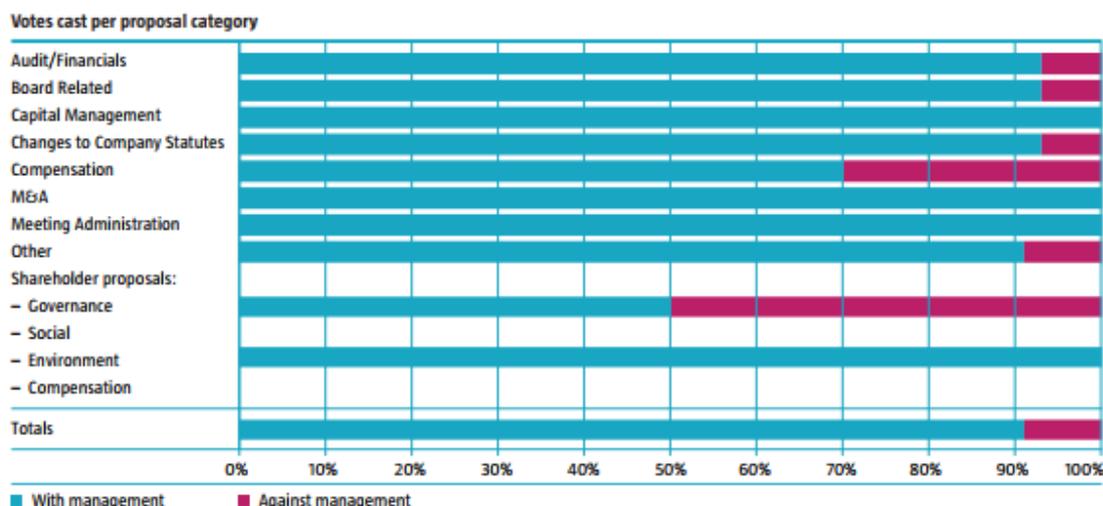
WPP has worked to ensure it can monitor voting effectiveness

Prior to the implementation of the WPP's own voting policy, votes were cast in line with the underlying individual managers voting policies. Given the disparate nature of these voting policies and the focus on implementing a single voting policy, WPP did not exercise independent scrutiny of voting outcomes ahead of this change being made.

Robeco provide quarterly voting reports to the WPP, with key statistics and information on voting that occurred over the period. Whilst Robeco has only been voting in line with the agreed policy since 1 January 2021, reported data is therefore limited to the final three months of the period. This is summarised in the table below.

	Q1, 2021
Number of meetings	52
Votes cast	623
For	571
Withhold	0
Abstain	0
Against	52
Other	0
With management	569
Against management	54
Meetings with at least one vote against mgmt.	30 (58%)

Robeco also provide a full breakdown of all votes that were cast over the period, including meeting type, description, proponent, management recommendation and Robeco's vote. This allows the WPP to monitor the activity Robeco is undertaking on its behalf and compare to the Voting principles that were set.



Voting on priority issues has been in line with WPP's policy intent

WPP has reviewed voting undertaken by Robeco on its behalf over Q1, 2021 against the policy priorities and notes that across a range of resolutions, votes have been cast in line with the WPP's intentions. Examples of this are given below:

Company:	DSV Panalpina
Date:	March 2021
Resolution:	Shareholder proposal regarding TCFD reporting
Policy priority area:	Climate Risk disclosures
Voted:	For (With Management)

At the AGM of DSV a shareholder proposal (SHP) was up for vote which requested that the Company report to the TCFD recommendations or other generally recommended frameworks in its annual reporting. Robeco supported this SHP since the TCFD provides a decision-useful set of recommended disclosures to allow investors to assess the risks faced by companies and the steps that those companies are taking to mitigate those risks to the best extent possible.

Company:	Carlsberg
Date:	March 2021
Resolution:	Elect Flemming Besenbacher
Policy priority area:	Diversity
Voted:	Against (Against Management)

At the AGM of Carlsberg Robeco voted against the nomination of the Chair of the Nomination committee because the Board has an insufficient number of female directors, only 20%. This does not meet the 30% threshold and therefore Robeco has shown our discontent with a vote against the director directly responsible for board composition.

Company:	L G Chemical
Date:	March 2021
Resolution:	Elect CHA Dong Seok
Policy priority area:	Diversity
Voted:	Against (Against Management)

At the AGM for L G Chemical we voted against the most recently appointed non-independent director because the board fails to incorporate basic considerations for gender diversity with zero females serving on the board.

Company:	Siemens AG
Date:	March 2021
Resolution:	Increase in Authorised Capital for Employee Share Purchase Plan
Policy priority area:	Employee Retention
Voted:	For (With Management)

At the Siemens AGM we supported a management proposal requesting an increase in authorised capital for employee share purchase plan. We recognise the values of equity-based incentive programs and employee share purchase plans. When used appropriately, they can provide a vehicle for linking an employee's pay to a company's performance, thereby aligning their interests with those of shareholders. Tying a portion of an employee's remuneration to the performance of the Company provides an incentive to maximize share value. In addition, we view equity as an effective way to attract, retain and motivate employees.

Resolution:	Shareholder Proposal Regarding Shareholder Rights at Virtual General Meetings
Policy priority area:	Governance shareholder rights
Voted:	For (Against Management)

Additionally Robeco supported a shareholder proposal (SHP) regarding the right to ask questions at virtual general meetings. Specifically, the SHP sought shareholder approval to amend the articles of association to allow for shareholders to be able to ask questions during the course of virtual general meetings. Robeco believed that the Company's current provisions for questions at virtual general meetings were overly restrictive, especially considering the size and scope of the Company and the internationality of its shareholder base. Robeco further believed that the proposed amendments would lead to an improvement and increased clarity of shareholder participation rights in any subsequent virtual meetings that may be held by the Company. In Robeco's view, this positive impact on shareholder rights outweighed the associated technical and organisational costs that would be required by the Company to facilitate shareholders submitting questions during the course of a virtual general meeting.

Company:	Cooper Companies Inc
Date:	March 2021
Resolution:	Elect Colleen E. Jay
Policy priority area:	Remuneration
Voted:	Against (Against Management)

The AGM of Cooper Companies poses a good example of Robeco's escalation approach for remuneration. Robeco voted against the company's Say on Pay because the company used upward discretion to increase the annual bonus. This was the third consecutive year that Robeco had voted against the Say on Pay. When they vote for three or more consecutive years against remuneration they use voting rights to also oppose re-election of the chair of the remuneration committee since they have failed to meaningfully improve remuneration practices. Specifically, Robeco uses this leverage when they have voted against remuneration for three consecutive years without seeing an appropriate response from a company to this level of dissent.

Company:	Essity Aktiebolag (publ)
Date:	March 2021
Resolution:	Remuneration Policy
Policy priority area:	Remuneration
Voted:	Against (Against Management)

At the AGM of Essity Aktiebolag (publ) Robeco voted against the remuneration policy and report because the remuneration structure places excessive focus on short term performance. The company's target pay for the annual bonus is twice as high as that of the long term. Additionally, the company does not have a bonus deferral program to mitigate these concerns, nor does it have clawback provisions in place.

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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.

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