

Pensions and Investment Committee

Meeting Venue
By Teams

Meeting date
Friday, 12 March 2021

Meeting time
10.00 am

For further information please contact
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County Hall
Llandrindod Wells
Powys
LD1 5LG

8 March 2021

Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod.
Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau ddiwrnod
gwaith cyn y cyfarfod.
You are welcome to speak Welsh or English in the meeting.
Please inform us of which language you wish to use by noon, two working days
before the meeting.

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

2.	DECLARATIONS OF INTEREST
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To receive any declarations of interest from Members relating to items to be considered on the Agenda.

3.	MINUTES
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To authorise the Chair to sign the minutes of the last meeting held on 11 December 2020 as a correct record.

(Pages 5 - 10)

4.	PENSIONS BOARD MINUTES
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To consider a report from the Powys Pension Board Chair on the Board meeting held on 5 March 2021.

(Pages 11 - 14)

5.	ADMINISTRATION AND GOVERNANCE UPDATE
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To consider the update report and discuss any issues. The following documents are attached to the report:

Risk Register

Breaches Register

(Pages 15 - 24)

6.	WALES PENSION PARTNERSHIP [WPP] UPDATE
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To receive a report regarding the WPP.

(Pages 25 - 26)

7.	AUTHORISED SIGNATORIES REPORT
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To consider the report.

(Pages 27 - 30)

8.	PENSIONS AND INVESTMENT COMMITTEE TRAINING NEEDS ANALYSIS
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To consider the report.

(Pages 31 - 34)

9.	RESPONSIBLE INVESTMENT DISCUSSION AND POLICY REVIEW
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To consider the report.

(Pages 35 - 40)

10.	EXEMPT ITEM
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The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information). These factors in his view outweigh the public interest in disclosing this information.

Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

11.	RESPONSIBLE INVESTMENT
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To consider a report from Aon.

(Pages 41 - 46)

12.	GLOBAL EQUITIES
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To consider the report.

(Pages 47 - 66)

13.	HEDGE FUNDS
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To consider the report from Aon.
(Pages 67 - 74)

14.	EQUITY RISK PROTECTION
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To consider a report from Aon.
(Pages 75 - 90)

15.	INVESTMENT STRATEGY STATEMENT
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To consider the report from Aon.
(To Follow)

16.	CEM BENCHMARKING REPORT
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To note the report.
(Pages 91 - 264)

17.	QUARTERLY MONITORING REPORT
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To consider the report from Aon.
(Pages 265 - 290)

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**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT BY TEAMS ON FRIDAY, 11 DECEMBER 2020**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, JG Morris, D H Williams, A W Davies,
Mr G Moore, Chair Powys Pension Board

In attendance: Head of Finance, Pension Fund Manager and Financial Reporting & Policy Accountant
Aon representatives – Richard Antrobus, Becky Durran, Rachel Pinder, Simon Mayne and Kenneth Ettles

1.	APOLOGIES
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Apologies for absence were received from County Councillor T J Van-Rees.

The Committee noted that Mr Martin Weale co-opted member, would be arriving late to the meeting.

2.	DECLARATIONS OF INTEREST
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Members of the Committee declared interests as members of the Local Government Pensions Scheme. These are personal interests, not prejudicial interests in accordance with Paragraph 12(b) (iv) of the Members Code of Conduct 2016.

3.	MINUTES
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meetings held on 25 November 2020 and 3 December as correct records.

4.	GOVERNANCE AND COMPLIANCE STATEMENT
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The Committee received the draft interim Governance and Compliance Statement.

The Pension Fund Manager advised that the draft had been considered by the Pension Board and changes had been made as a result of its comments. The Statement would be reviewed again when the Scheme Advisory Board's [SAB] Good Governance Project is completed.

It was moved and duly seconded to approve the Statement.

RESOLVED	Reason for decision
That the updated Governance and Compliance Statement be approved.	To comply with Local Government Pension Scheme (LGPS) Regulations 2013.

5.	GOVERNANCE AND ADMINISTRATION UPDATE
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The Committee received the Governance and Administration update report.

The Pension Fund Manager highlighted the Guidance to support the new employer exit flexibilities and SAB's advice on how to manage any conflict between the LGPS regulations and the new exit cap regulations. The Committee noted that the consultation on the draft LGPS regulations in respect of exit cap payments, ended on 18 December and a response would be submitted.

RESOLVED	Reason for decision
That the update report be noted.	To ensure that the Fund continues to focus on high standards of administration and governance.

6.	WALES PENSION PARTNERSHIP [WPP] UPDATE
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The Committee noted the WPP report. The Pension Fund Manager advised that the Joint Governance Committee [JGC] had approved the inclusion of a co-opted (non-voting) pension board scheme member representative on the JGC.

The Committee noted that the WPP had received the "Investment Innovation Award" in the Local Authority Pension Fund [LAPF] Awards.

Resolved	Reason for decision
That the report be noted.	As per the report.

7.	EXEMPT ITEM
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RESOLVED to exclude the public for the following items of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

The Chair agreed to take the Quality Monitoring report next.

8.	QUARTERLY MONITORING REPORT
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The Committee received the Quarterly Monitoring report to 30 September 2020 from Richard Antrobus, Aon.

The Committee noted the increase in the asset valuation over the quarter and the under-performance of Hedge Funds, which would be considered later on the agenda. As Equities were overweight the equity protection mitigated against this and the additional risks. It was reported that there was more liquidity in the property market and values were now considered to be more accurate.

RESOLVED	Reason for decision
That the Quarter 3 monitoring report be noted.	As per the report.

9. RUSSELL INVESTMENTS

The Chair welcomed Sasha Mandich, Aidan Quinn and Gerard Fitzpatrick from Russell Investments to the meeting for this item. Mr M Weale joined the meeting.

The Committee received a presentation on the current investment by the WPP in Multi Asset Credit Fund, Global Credit Fund and Absolute Return Bond Fund in which the Powys Pension Fund is invested. It was noted that work is ongoing on the Emerging Markets and Private Markets sub funds, with a hope to launch them in 2021.

The Chair thanked the Russell Investments' representatives for attending the meeting.

10. ACTUARIAL UPDATE

The Committee received a presentation on the Actuarial update from Becky Durran, Aon.

The Committee noted the status of the Fund at the 2019 valuation in comparison to the 2016 valuation, the improvements in the fund in key areas and the financial assumptions. Since the valuation in 2019 the demographic changes due to COVID-19, expected lower investment returns and the changes in the funding level may have an impact on the fund. These will need to be considered prior to the next tri-annual valuation in 2022. In addition to these, the impact of the following would also need to be considered: the McCloud judgement, the employer flexibilities introduced in September 2020 and the £95k exit cap payments plus a number of other changes including widowers pensions on pre 1988 service and the GMP Equalisations and indexation.

The Committee noted that a workforce plan was being developed to ensure the Pensions Administration Team could continue to meet the more complicated administration of the LGPS and to respond to the changing legislation and guidance. As the cost of the Team was met from the Pension Fund a report regarding the workforce plan would be considered by the Committee.

11. EQUITY PROTECTION

The Chair welcomed Simon Mayne and Kenneth Ettles, Aon to the meeting.

The Committee received a presentation on the Equity Protection.

The Committee debated the need to continue with equity protection, the level and period of protection. It was noted that the reasons for having equity protection were still valid. Although global equity markets had rebounded from the pandemic induced lows of early 2020, following the unprecedented monetary and fiscal support, it was questioned whether such market gains would continue and downside risks remained.

It was moved and duly seconded to continue with equity protection at the 50% level, the downside protection be set at 15% and that protection be focused on the US region and that it be delegated to the Chair and Vice Chair to finalise the details after circulation to the Committee for comment.

RESOLVED	Reason for decision
That: i. Equity protection strategy continues at a level of 50% equity exposure ii. the downside protection be set at 15% and iii. that protection be focused on the US region iv. the final details of the proposal be circulated to the committee for comment and that it be delegated to the Chair and Vice Chair to finalise the new tranche of equity protection.	To ensure that continuing appropriate equity risk management structure is in place.

Councillor A Davies left the meeting for other Council business.

12. HEDGE FUND UPDATE

The Committee considered the Hedge Fund update report presented by Rachel Pinder, Aon.

The Committee was reminded that two of the current four hedge fund managers had been classed as non-buy and the Fund only wishes to hold “buy” rated managers. It was noted that the WPP does not yet have an appropriate sub fund for the Hedge Fund asset class and it is unclear as to when this may be available.

The Committee considered the options available. It was noted that Aon presented options available through its services, but other options may be available in the market.

It was moved and seconded to redeem the funds from the non-buy rated hedge fund managers, that further information be sought from the WPP regarding the launch of its hedge fund asset class and depending on the response, Aon produces more details regarding options 1, 2 and 3.

RESOLVED	Reason for decision
i. that the funds from the non-buy rated hedge fund managers be redeemed, ii. further information be sought from the WPP regarding the launch of its hedge fund asset class and	To reduce the volatility of returns whilst continuing to target the required returns over the long term.

iii. depending on the response, Aon produces more details regarding options 1, 2 and 3.	
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County Councillor P E Lewis (Chair)

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Purpose of the Report

In addition to the formal, more detailed minutes of the Board, this report provides an executive summary of the meeting of the Powys Pension Board on 5 March 2021 to enable the Pensions and Investments Committee (the Committee) to learn of and consider any recommendations, assurances gained and concerns of the Powys Local Pension Board, and any other relevant information. This is consistent with the two primary roles of Local Pension Boards, namely:

- to assist the scheme manager to secure compliance with scheme regulations, other legislation and the requirements of the Pensions Regulator (tPR), and
- to ensure the effective and efficient governance and administration of the Scheme.

Recommendation

The Committee is requested to accept the proposals from the Local Pension Board held on 5 March 2021

Outcomes from Powys Pension Board Meeting on 5 March 2021**1. Recommendations**

1.1 Regarding the awaited statutory guidance from MHCLG on Good Governance, the Board feels it can add value to the relevant discussions to be undertaken locally. In view of the recent comments of the Chair of the LGPS Scheme Advisory Board (SAB) that the Local Pension Board should be the sign off on governance, the Board respectfully requests that it be found an appropriate role to assist the Administering Authority in its planning to comply with the statutory guidance, when published. A link to a recent 30 minute webinar on Good Governance, featuring the SAB Chair, will be circulated to Committee Members.

2. Assurances Gained by the Board

2.1 The Board was assured that the process for finding a replacement as Independent Chair when my Term of Office expires in the summer is on schedule.

2.2 The Fund's response to the delayed Public Service 2020 Survey by tPR was completed by the due date.

- 2.3 There were no new recorded breaches of the law in the period since the last meeting, although one possible breach is currently being analysed as a consequence of the recognised clash of legislation relating to the £95k cap and to entitlement to benefits.
- 2.4 Regarding the operational plans for concluding the implementation of the Guaranteed Minimum Pension exercise, the Board was assured by the communication plans for dealing with scheme members whose pensions would require a downward adjustment.
- 2.5 The Board was assured by the knowledge that future reports on Key Performance Indicators for Pensions Administration would be more granular and would therefore facilitate greater scrutiny by both Board and Committee.

3 Areas of Concern for the Board

- 3.1 An area of concern for the Board was the impact of the complexity of the data requirements to enable the Administration Team to implement the outcomes of the McCloud review in a timely manner with the existing level of resources.
- 3.2 Mindful of the lack of success in appointing to three vacant roles, the Board identified a number of suggestions to recruit to the two new places on the Board which were agreed by the County Council on 24 September 2020. In addition, suggestions were made regarding the vacant role of Scheme Member observer at the Committee. Filling these roles is proving problematic.

4. Other Items for Information

- 4.1 The Board reviewed compliance with the following sections of tPR's Code of Practice 14:
 - Governing Your Scheme
 - Conflicts of Interest
 - Administration

A number of suggestions made will be incorporated within the revised update.

- 4.2 The Board reviewed the Risk Register. No new risks were identified on this occasion. A number of suggestions were made, and questions raised, to ensure the target dates for specific reviews were more explicit. The Risk Register will be modified accordingly for future endorsement by the Committee.

- 4.3 The Board will undertake a self-assessment of its own performance at its June meeting.
- 4.4 As Board Chair. I held my annual meeting with the s151 Officer on 15 February 2021 when a number of relevant topics and suggestions were discussed.
- 4.5 As this is likely to have been the final meeting of the Board in the current financial year, I shall shortly commence drafting the Annual Report of Powys Pension Board for 2020/2021.
- 4.6 The planned survey of Local Pension Boards by the Scheme Advisory Board (SAB) is, at the time of writing, still awaited, as is tPR's specific commentary of its 2019 survey in respect of the LGPS, and its consultation on the Single Modular Code of Practice.
- 4.7 The next meeting of the Board is scheduled to take place virtually on 14 June 2021.

Gerard Moore

Independent Chair: Powys Pension Board

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Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN001	01/11/2015		Pensions Administration	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	M	2	L	Low	Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done.	Pension Fund Manager	A Davies	Review of process as part of the ongoing review of pensions administration processes following the implementation of the 2014 Scheme.	M	L	Low	
	PEN002	01/11/2015		Finance	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer FRS17/IAS19 reporting; and potential delay to production of annual report and accounts.	L	1	M	Low	Contributions received monitored on a monthly basis by Fund accounting staff.	Section 151 Officer	A Davies	Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.	L	M	Low	
	PEN003	01/10/2019		Finance	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	H	3	M	Medium	Funding strategy statement. Will this year (2020) commission Fund actuary to undertake a Fund cashflow forecast based on Fund maturity	Section 151 Officer	A Davies	Following completion of the fund actuary's cashflow forecast, review strategic asset allocation to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liquidate assets on an unplanned basis.	M	M	Medium	
	PEN004	01/11/2015		Pensions Administration	Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	L	1	L	Low	Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security.	L	L	Low	
	PEN005	01/11/2015		Pension Fund	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	L	1	M	Low	Business Continuity Plan in place for the pensions administration service	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review	L	M	Low	
	PEN006	01/11/2015		Pension Fund	Loss of funds through fraud or misappropriation	Financial loss to the Fund	L	1	M	Low	Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed	Pension Fund Manager	A Davies	None	L	M	Low	

Risk Register

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							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN007	01/01/2015	FSS	Pension Fund	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	L	1	M	Low	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies.	L	M	Low	
	PEN008	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	L	1	H	Medium	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates.	L	M	Low	
	PEN009	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council and other Employers being unable to provide appropriate services for its communities.	L	1	M	Low	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN010	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with weak covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unsustainable levels that result in employers with weak covenants becoming insolvent.	L	1	H	Medium	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN011 / 034 JCAD	01/01/2015	FSS	Pension Fund	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance. Reputational Risk	H	3	L	Medium	Rigorous checking and authorisation procedures in respect of pension benefit calculations and payments; and, regular review of governance compliance policy. Staff training and development.	Pension Fund Manager	A Davies	Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by Local Pensions Board.	M	L	Low	

Risk Register

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							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN012	25/01/2016		Pensions Administration	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	L	1	M	Low	Compliance with Powys County Council Data Protection and ICT policies, including reference to remote/home working as appropriate.	Pension Fund Manager	A Davies	Data protection audit in conjunction with TPR data quality standards to be undertaken regularly.	L	M	Low	
	PEN013	01/04/2015	TPR	Pension Fund	Failure to maintain and hold up to date and accurate pension records.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRPs and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	M	2	M	Medium	Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development.	Pension Fund Manager	A Davies	Additional data validation and quality checks to be implemented as required by the TPR code of practice.	L	M	Low	
Page 17	PEN014	25/01/2016	CIPFA	Pension Fund	Lack of expertise of Pension Fund Officers and Head of Service	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	L	1	H	Medium	Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.	Pension Fund Manager	A Davies	Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.	L	M	Low	
	PEN015	25/01/2016	CIPFA	Pension Fund	Over-reliance on key Officers	When senior Officers leave or are on long term sickness, large knowledge gaps remain.	M	2	H	Medium	In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.	Pension Fund Manager	A Davies	Formalise succession planning by including in Officer individual training plans for less senior Officers.	M	L	Low	
	PEN016	25/01/2016		Pensions Administration	Failure to communicate effectively with stakeholders.	Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund.	L	1	M	Low	the Pensions Support Manager is tasked with responsibilities in relation to scheme and Fund communications, as part of their Job Description. In addition, the Fund has a clear communications policy as well as a regularly updated website.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

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							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN017	26/01/2016		Pensions Administration	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	M	2	M	Medium	The Fund maintains a Welsh Language register in respect of scheme members and employers.	Pension Fund Manager	A Davies	To utilise technology to enable access to service and information for stakeholders with disabilities, other language needs etc.	L	M	Low	
	PEN018	01/01/2015	FSS	Pension Fund	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	L	1	M	Low	The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
Page 18	PEN019	25/01/2016	SAB	Pension Fund	Lack of expertise of members of Pensions & Investment Committee	Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment.	M	2	H	Medium	The Fund adopts the CIPFA Knowledge and Skills Framework to inform its training plans for members of Pensions & Investment Committee (and the Pension Board).	Pension Fund Manager	A Davies	Rollout of individual training plans for all members. After each County Council election, specific training events are put on for new members elected to Pensions & Investment Committee.	L	H	Medium	
	PEN020	01/01/2015	FSS	Pension Fund	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	L	1	M	Low	Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Also monitors and analyses progress every three years for each employer. In addition, the Fund receives quarterly funding updates to help monitor the position.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
	PEN021	01/01/2015	FSS	Pension Fund	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	L	1	H	Medium	Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.	Pension Fund Manager	A Davies	Nothing further planned	L	H	Medium	
	PEN022	01/01/2015	FSS	Pension Fund	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	L	1	M	Low	Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.	Pension Fund Manager	A Davies	Nothing further planned	L	M	Low	

Risk Register

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							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN023	01/01/2015	FSS	Pension Fund	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	L	1	M	Low	It is the practice to discuss every such situation with the Pension Fund actuary, for each individual employer. Moreover deficit recovery periods are generally restricted to no more than 25 years, or 40 years in very exceptional circumstances. Reviewed during triennial valuation	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
	PEN024	01/01/2015	FSS	Pension Fund	Permitting contribution rate changes to be introduced by annual steps rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Increased employer contribution rates.	L	1	M	Low	Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances. Reviewed during triennial valuations.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
Page 19	PEN025	01/01/2016	FSS	Pension Fund	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	L	1	M	Low	Mortality assumptions are set with some allowance for future increases in life expectancy. The Fund actuary investigates these matters at each valuation or more frequently where appropriate. If significant demographic changes were to occur between valuations, the Pension Fund will advise employers accordingly and notify them of the likely impact on their contribution rates, reviewing bond values, as required.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
	PEN026	01/01/2016	FSS	Pension Fund	Deteriorating patterns of ill health or other early retirements.	Increase in employer contribution rates and deficit recovery payments.	L	1	M	Low	Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases. Ill health retirements and costs are monitored against Fund allowances.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

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							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN027 / PEN 035 on JCAD	01/01/2015	FSS	Pension Fund	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	M	2	M	Medium	Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds. Some investment in bonds also helps to mitigate this risk. Monitoring (quarterly) helps to give an early warning of significant changes.	Pension Fund Manager	A Davies	No further action proposed.	M	M	Medium	
	PEN028	01/01/2015	FSS	Pension Fund	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	M	2	M	Medium	Employers 'pay' for their own salary awards and are reminded of the geared effect on salary-linked pension liabilities. Particularly where bias towards longer serving employees may be considered.	Pension Fund Manager	A Davies	No further action proposed.	M	M	Medium	
	PEN029	26/01/2016	SAB	Pensions Administration	Failure to reconcile all relevant active, deferred and pensioner member GMP records against the data held by DWP in respect of the cessation of contracting out.	Increase in Fund liabilities; increased employer contribution rates and deficit recovery payments; and, payment of incorrect pension benefits.	M	2	M	Medium	Reconciliation Complete. Work on Rectification due to be complete by the end of 2020	Pension Fund Manager	A Davies	Appoint external partners to a) identify scale of work required; b) bank 'quick wins' - both now completed. Complete project by end of 2020.	M	L	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN030	04/03/2016	LPB	Pension Fund	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	M	2	C	High	Diversification of investment managers; adherence to the limits for individual investment mandates as set out in the LGPS investment regulations; regular meetings with investment managers undertaken by the Fund's investment consultant; Statement on Standards for Attestation Engagements No. 16 internal controls are monitored on an annual basis; due diligence by investment consultants to ensure that custodians are used by each investment manager; equity investment mandates are invested in pooled funds; and, only well respected and researched investment managers are selected in the first place. De Dilligence carried out by Wales Pension Partnership and its advisers.	Section 151 Officer	A Davies	Increased investment manager diversification may be further facilitated by pooling via the Wales Pension Partnership. As agreed by P & I Committee on 9th February 2017, when entering into new contractual arrangements with investment managers, contract documentation is to be referred to the Fund's legal advisers for review and appropriate due diligence.	L	C	Medium	
	PEN031	04/03/2016	LPB	Pension Fund	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs.	M	2	M	Medium	Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development.	Pension Fund Manager	A Davies	Pooling vehicles to be structured so that each participating Fund has full representation in the pool; the pool structure enables full strategic decisions to be retained by each individual Fund; and. economies of scale (based on experience to date) indicate that savings will be made by the Fund that will exceed initial costs.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	R	Risk Rating					P	I	Risk Rating	
	PEN032	10/03/2017	LPB	Pension Fund	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	M	2	L	Low	To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.	Pension Fund Manager	A Davies	Regular review of admitted body covenants and financial health.	M	L	Low	
	PEN034/036 on JCAD	01/10/2019	LPB	Pension Fund	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	H	3	H	High	Regular Review of MIFID Status	Pension Fund Manager	A Davies		M	M	Medium	
	PEN035 / 037 on JCAD	29/03/2020	LPB	Pension Fund	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff.	H	3	H	High	Business Continuity Plan, assesment of Pensioner Payroll services. Electronic implementation of paperwork.	Pension Fund Manager	A Davies		M	M	Medium	#REF!
	PEN036	14/09/2020	LPB	Pension Fund	Appointment of new Pension Board Chair in Summer 2021 and additional Scheme Member/Employer representative	Non compliance with Public Services Pension Act. Challenge and scrutiny of the Pesions Regulator. Reduced standards of governance	H	3	H	High	Procurement and Appointment exercises required. Work with Commercial Services Team to proceed accordingly	Pension Fund Manager	A Davies		M	M	Medium	
	PEN037	14/09/2020	LPB	Pension Fund	Cessation of Pensions Administration Software Contracts	Falure to meet legislative requirements and administer the LGPS to scheme members. Risk of intervention by the Pensions Regulator, legal challenges, reputational risk	H	3	H	High	Rigorous procurement exercises required at the appropriate time to identify most suitable software provider. Work with Commercial Services Team to identify.	Pension Fund Manager	A Davies		M	M	Medium	

Breach No	YEAR	Breach Type	Nature of Breach	Breach Description	Action	Material Significance (Y/N)	P & I Committee Notified	Pension Board Notified	TPR Notified	RAG Status
1	2018/19	Administration	Late Notification of deferred Benefits	Disclosure Regulations state that any deferred leaver should be notified of their deferred benefit options within two months of the fund receiving complete leaver information from the employer. Due to the backlog of casework in the fund these deadlines have not been met for a number of historic deferred members. Cause: The backlog has occurred through the introduction of the new LGPS and the increased complexity around administration (aggregations, final salary links etc). An increase in the numbers of deferred pensioners who have left employment through reorganisations in recent months has also had an impact. Effect: although a breach, it is not considered material, as the information is not critical when making future decisions. Where a deferred member reaches retirement age their calculation will be completed at that point. This is a national issue for most funds across the LGPS.	New letter produced and issued to leavers upon notification of leaving, stating their entitlements upon leaving membership of the LGPS (i.e. under 2 years = refund, over 2 years = Deferred)	N	N	Y	N	
2	2018/19	Administration	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. 46 members to 31.12.20	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.	N	Y	Y	N	

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CYNGOR SIR POWYS COUNTY COUNCIL**Pensions and Investment Committee
12th March 2021****REPORT BY: Head of Finance****SUBJECT: Wales Pension Partnership Update**

REPORT FOR: Information

1 Introduction

- 1.1 This report aims to provide Committee with an update on the work undertaken on behalf of the Wales Pension Partnership (WPP), with regard to pooling investments in Wales.
- 1.2 The last Joint Governance Committee (JGC) meeting was held virtually on the 10th of December 2020 and a link to the agenda is available here:
- <https://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=234&MId=3563&Ver=4>
- 1.3 The Next JGC meeting is scheduled to take place virtually on the 24th of March 2021.
- 1.4 The Pension Fund Manager and Financial Reporting & Policy Accountant continue to assist the Host Authority (Carmarthenshire County Council) and the WPP adviser, Hymans Robertson, with their respective roles, as well as representing the interests of the Powys Pension Fund on the Officer Working Group (OWG).

2 Summary of progress and ongoing work

- 2.1 Work has been continuing on the following items:
- Governance;
 - Policies
 - Responsible Investment (including voting and engagement)
 - Scheme Member representation on the Joint Governance Committee (JGC)
 - Training and meetings
- 2.2 **Scheme Member representation on the JGC.** The JGC is a joint committee constituted under the Local Government Act 1972 and

therefore Member Representatives could only join the JGC as co-opted Members in a non-voting capacity. To allow this to happen, the Inter Authority Agreement would need to be amended and the amendments would need to be taken to all eight constituent authorities for approval. The Officer Working Group will develop a person specification and selection process and present it at a future JGC for formal approval.

2.3 **Voting Policy.** Robeco were appointed as the WPP's Voting and Engagement Service provider in March 2020. Following adoption by the JGC, Robeco's voting policy was approved with the understanding that it could be developed and tailored specifically to the WPP and its Constituent Authorities over the next 12 months.

2.4 **Training.** The WPP held a training event on the 24th of February which was open to members of Pension Committees, Boards and Officers. The topics covered were:

- Review/Decision Making Process
- Regulatory Requirements

Further training events are planned, details of which will be circulated accordingly.

3 Recommendation

3.1 To note the contents of this report.

Recommendation:		Reason for Recommendation:	
<ul style="list-style-type: none"> • To note contents of the report. 		For information	
Person(s) To Action Decision:	Pension Fund Manager		
Date By When Decision To Be Actioned:			
Relevant Policy (ies):	N/A		
Within Policy:	N/A	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk

Relevant Portfolio Member(s):	Councillor Aled Davies
Relevant Local Member(s):	

CYNGOR SIR POWYS COUNTY COUNCIL

Pension and Investment Committee
12th March 2021

REPORT AUTHOR: Head of Finance

SUBJECT: Authorised Signatory

REPORT FOR: Decision

1.1 Attached is a revised list of Authorised Signatories for the Pension Fund. The list has been revised to include Chris Hurst, the Pension Fund manager, whilst also removing members in the finance team whose involvement with the Fund is limited.

Recommendation:	Reason for Recommendation:
That the Pension Committee approve the authorised signature list.	To facilitate internal fund processes.

Contact Officer Name:	Tel:	Email:
Daniel Paley	01597 826042	daniel.paley@powys.gov.uk

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CYNGOR SIR POWYS COUNTY COUNCIL

Pensions and Investment Committee
12th March 2021

REPORT BY: Head of Finance

SUBJECT: Pensions & Investment Committee Member Training

REPORT FOR: Action

1 Introduction

- 1.1 At the meeting on the 16th of July 2015, Committee approved that the Fund adopts the Knowledge and Skills Framework, as set out in the CIPFA Code of Practice for pensions and a Knowledge and Skills Framework Policy was produced (attached as an Appendix to this report).
- 1.2 Part of that policy places a requirement to undertake continual development on general pension and LGPS specific issues.
- 1.3 Since the world of pensions does not stay still, a review of Committee Member's training needs is appropriate.
- 1.4 This will involve each Committee Member undergoing a personal training and development analysis, receiving a personal training programme and, a requirement to demonstrate that members are completing training programmes (this may be for example, by attending appropriate training and development events – the Committee's constitution requires at least 10 hours per year).

2 Recommendation

- 2.1 That the Committee complete an updated training needs analysis form (to be provided by the Pension Fund Manager) in order to assess the training requirements of Committee Members, with a view to creating an individual training programme.

Recommendation:	Reason for Recommendation:
<ul style="list-style-type: none"> That the Committee complete an up to date training needs analysis form in order to assess training requirements 	As per report

Person(s) To Action Decision:	Pension Fund Manager		
Date By When Decision To Be Actioned:			
Relevant Policy (ies):	N/A		
Within Policy:	N/A	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	chris.hurst@powys.gov.uk

Relevant Portfolio Member(s):	Councillor Aled Davies
Relevant Local Member(s):	N/A

CRONFA BENSIWN POWYS PENSION FUND

Knowledge and Skills Framework Policy

1 Introduction

- 1.1 This document sets out the policy of the Powys Pension Fund in relation to the knowledge and skills requirements that it places upon those serving as members of either:
- The Powys County Council Pensions & Investment Committee (being the principal decision-making and management body for the Powys Pension Fund), or
 - The Powys Pension Board
- 1.2 Commitment to this policy is an obligation placed upon those concerned as part of the discharge of their duties; as a matter of best practice and good governance.

2 Knowledge and Skills Framework

- 2.1 The Powys Pension Fund has adopted the CIPFA Knowledge and Skills Framework, as set out in the Code of Practice on pensions, in partnership with the Pensions Regulator. The Framework provides a roadmap to the knowledge and skills that should be held by those involved in the management and governance of the Powys Pension Fund, who are not themselves pension professionals. Whilst the Regulator provides access to relevant study and training materials.
- 2.2 All relevant Members will be assessed against the criteria set out in the Framework, as soon as possible following their appointment. This will be done by the completion of a Member Training Needs Self-Assessment Form.
- 2.3 On completion of the self-assessment form, the Section 151 Officer will assess the Member against the Framework criteria and determine what training is required to be completed and within what time period.
- 2.4 In total there are 6 areas of knowledge and skills that CIPFA have identified as the core technical requirements:
- pensions legislative and governance context
 - pensions accounting and auditing standards
 - financial services procurement and relationship management
 - investment performance and risk management
 - financial markets and products knowledge
 - actuarial methods, statements and practices.

3 Meeting Knowledge and Skills Needs

- 3.1 Identified knowledge and skills needs may be met by a variety of methods that will include, but are not restricted to:
- completion of specific modules in the e-Learning Public Service toolkit provided free online by the Pensions Regulator
 - attendance at external training events for pension trustees and/or board members
 - attendance at internal training events facilitated by Powys Pension Fund or Powys County Council
 - attendance at pension conferences, seminars and workshops that cover fund investment, scheme administration, fund governance, actuarial matters or other relevant areas.

4 Continuing Development

- 4.1 Pension fund matters do not stand still. Therefore, there will be a requirement to undertake continual development to remain up to date with general pensions and LGPS specific issues. The requirement is for all relevant Members, regardless of professional background, to undertake a minimum of 4 days continuing development in each scheme year (ending 31st March).
- 4.2 Completion of this requirement may be achieved by a range of attendances at, for example, LGPS Trustees Conference or LAPFF seminars.

5 Accountability and Transparency

- 5.1 Accountability and transparency are principles of good governance and best practice. Therefore, knowledge and skills needs, training and development undertaken and continuing development, will be monitored and recorded and published annually.
- 5.2 Failure by a Member to meet their obligations under this policy, may result in them being barred from serving on either the Pensions & Investment Committee or the Powys Pension Board, as applicable, and as determined by the Section 151 Officer.

Drafted: June 2015
Approved: 16th July 2015
Last Revised: January 2020



POWYS

CRONFA BENSIWN POWYS PENSION FUND

Responsible Investment Policy

~~December 2019~~

Reviewed March 2021

Introduction and Purpose

The Powys Pension Fund ('Fund') is a long-term investor. The Fund's aim is to deliver financially sustainable returns to meet the future pension benefits of our members, by allocating across investment types whilst retaining an appropriate level of diversification and level of risk.

As the Committee, we have a fiduciary duty to act in the best interest of the Fund's members. We acknowledge that this includes managing Environmental, Social and Governance ('ESG') issues that may be financially material to the Fund.

The Fund defines **Responsible Investment (RI)** as the integration of ESG issues into its investment processes and ownership practices in the belief this can positively impact financial performance. The Committee recognises that, as a long-term investor, the Fund should manage ESG risks that can be both long-term and short-term in nature. In addition, the Fund seeks to identify investment opportunities aligned with its long-term objectives. This includes taking appropriate expert advice from its appointed Investment Consultant.

The Fund is exploring how asset pooling can enhance its approach to RI. The Fund is proactively engaging throughout the pooling process to ensure that its objectives and approach to RI are expressed via the Wales Pension Partnership (WPP) pooling arrangement.

The Fund seeks to integrate RI across its investment decision-making process for the entire portfolio, considering the appropriate nuances and differences which apply to differing asset types. The Fund adopts a flexible approach to managing its investment strategy and asset allocation in order to ensure the strategy is robust from a risk and return perspective.

In developing its approach to RI, the Fund seeks to understand and manage ESG and reputational risks to which the Fund is exposed. This policy sets out the Fund's approach to RI and details the actions the Fund, and its external providers, take on behalf of the Fund's members and other stakeholders, to protect the Fund from ESG and reputational risks.

Responsible Investment Beliefs and Principles

The Committee have discussed and reviewed their beliefs relating to RI. These consensus beliefs and principles form the basis of the Fund's policy.

The Fund's **RI Beliefs and Principles** are set out below:

- The Fund is a long-term investor, with liabilities stretching out for decades to come, and seeks to deliver long-term sustainable returns. There is an opportunity to generate better expected returns by making decisions with a long-term outlook.
- The Fund recognises that ESG considerations are relevant to the setting of investment objectives, ongoing monitoring, and assessment of future risks. The identification and management of ESG risks that may be financially material is consistent with our fiduciary duty to our members.
- The Fund seeks to integrate ESG issues throughout the Fund's investment decision-making process, from setting investment strategy to monitoring the Fund's investment managers. Accordingly, input is sought from the Fund's appointed investment consultant on these matters.
- The Fund recognises that climate change is one of the material ESG factors that pose a potential financial risk over our timescale, and that as institutional investors, there is an ability to help tackle the challenges posed by climate change. Climate change related considerations have been the subject of multiple discussions held by the Committee, including the approach taken to retaining or divesting from the Fund's exposure to fossil fuels. Further details are provided in the next section of this policy.
- Where suitable and appropriate within the context of the Wales Pension Partnership's pooling arrangements, the Fund seeks advice from its appointed investment consultant to identify sustainable and responsible investment opportunities in keeping with its investment objectives.
- The Fund recognises the importance of responsible ownership, and has a duty to exercise its stewardship and active ownership responsibilities (such as use of proxy voting rights and encouraging its appointed investment managers to actively engage with investee companies) effectively by using its influence as a long-term investor to encourage positive behaviour.
- The Fund recognises that our members are likely to have an interest in how the Fund's RI objectives are enshrined through its investment strategy.
- The Fund aims to be transparent and accountable by disclosing its RI policy.

Responsible Investment

In setting and implementing its investment strategy, the Fund takes advice from its appointed investment consultant. This advice is

Implementation Approach

contextualised by the fact that the Fund's assets are managed by third-party investment managers responsible for the day-to-day investment decisions, including undertaking voting and engagement activities on behalf of the Fund.

- The Fund expects its investment consultant to proactively consider and integrate ESG issues when providing investment advice
- The Fund considers ESG issues as they relate to its strategic asset allocation, including taking advice on the impact of ESG matters on differing asset types
- The Fund considers ESG integration and active ownership when selecting and monitoring investment managers.

When monitoring external investment managers, the Fund:

- Requires its investment managers to provide a statement setting out the extent to which they take ESG considerations into account in their investment processes, along with the impact that this has had.
- Seeks input from its appointed investment consultant regarding ESG issues that could have a material impact on the value of the Fund's assets and the funds in which the Fund invests.
- Monitors the active ownership activities of its investment managers by seeking their reporting and examples of engagement activity undertaken.

With respect to the Fund's exposure to climate change risks, the Committee has discussed the Fund's desired approach to this topic. This has included several discussions regarding divestment from fossil fuels. This has included receiving details of the approach taken by other LGPS Constituent Authorities and pooling arrangements, along with noting the stance taken by the Local Authority Pension Fund Forum (LAPFF) of which the Fund is a member.

The Fund recognises that exposure to fossil fuel investments is one component of overall exposure to climate change risks, and acknowledges the importance of considering climate change risk holistically.

Throughout this process, the Committee has sought to take an approach which is appropriate in the context of the Fund's long-term investment objectives, and has explored the availability of investment options within the WPP pooled framework.

The Committee has agreed that it supports the LAPFF stance with regard to engagement with investment managers on issues regarding climate-related risks to which the Fund and its members may be exposed, and in particular the transition to a low-carbon economy. The Committee considers that pursuing an engagement-led approach allows the Fund, through the actions of its appointed investment managers, to be an active participant in supporting the transition to a low-carbon environment and encouraging the companies in which it invests to

transform and adapt to meet the needs of a changing world. This approach does not prohibit the Fund from divestment from fossil fuel exposure to manage the perceived financial risks associated with climate change should this be felt appropriate.

The Committee will monitor this area as it develops, and seek to mitigate climate change risks as they apply to the Fund and its members and beneficiaries.

Stewardship – Voting and Engagement

The Fund recognises that, alongside rights, it has responsibilities as a shareholder as regards the stewardship of assets on behalf of its members and beneficiaries. Appropriate stewardship is a cornerstone of good governance: accordingly, the Committee will consider and review the UK Stewardship Code (which takes effect 1 January 2020) to determine the alignment of the Fund with the principles of the Code.

Consequently, the Fund recognises the importance of active ownership, i.e. the proactive use of engagement and asset stewardship activity. Further, the Fund recognises that engagement activities undertaken alongside other investors – such as the LAPFF and WPP as a pooled entity – have potential to have significant impact on corporate behaviours and drive improvements in actions and disclosures.

The Fund seeks to exercise its voice through engagement with its investment managers (and consequently portfolio companies) as part of its stewardship duties to its beneficiaries.

Whilst the Fund delegates voting and engagement to its investment managers, the Committee will seek comment from its investment consultant, where relevant and available, regarding how the Fund's managers exercise voting rights on its behalf.

Initiative and Industry Collaboration

The Fund recognises that collaboration with other investors is a powerful tool to keep abreast of developments in this area, and gives the potential for collective action to influence the behaviour of companies, policy makers and other industry stakeholders. The Fund seeks to work with and support the initiatives of relevant bodies.

- The Fund takes its role in the Local Authority Pension Fund Forum (LAPFF) seriously, recognising that this contributes to the effective exercise of its influence through collaboration.
- Members of the Committee have joined Aon's Responsible Investment Network, a forum for pension fund investors to interact and discuss objectives and implementation.
- The Fund regularly reviews its participation in collaborative initiatives such as LAPFF, including the benefits of participation.

Disclosure and Reporting

The Fund recognises that transparency and disclosure is an important aspect of being a responsible investor.

The Fund will:

- Make the Fund's RI policy available to members, and incorporate this fully into the way the Fund communicates and interacts with its members
 - Make the Fund's policy available to the public online
 - Report on the Fund's progress and developments in the way it approaches RI matters
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